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OPERATIONS PLAN

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TOURISM BRITISH COLUMBIA
OPERATIONS PLAN 1995/1996

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1. EXECUTIVE SUMMARY

TOURISM BRITISH COLUMBIA
OPERATIONS PLAN
EXECUTIVE SUMMARY
1995/96

Mandate

The mandate of the Tourism Division is to foster growth in British Columbia's tourism industry and to increase both revenue and employment in the tourism sector. The Division accomplishes its mandate by using a co-ordinated, market-based approach, and by working in partnership with the private sector, industry associations, and other federal and provincial government agencies.

Objectives

- To generate gross tourism revenue for the Province of British Columbia of $6.8 billion. By visitor origin, to generate $3.5 billion from the British Columbia resident market, $1.3 billion from the Regional market, $1.4 million from North America Long Haul, $0.4 billion from Asia/Pacific, and $0.3 billion from Europe.

- To increase revenues during shoulder seasons to utilize existing capacity and to reduce the effects of seasonality.

Financial Summary

Budget for 1995/96	$23,555,00
Budget Breakdown by Business Unit:	
British Columbia	$4,844,148
Regional	3,127,396
North American Long Haul	3,869,227
Asia	1,419,826
Europe	985,785
Cross Market	9,308,373
TOTAL	$23,555,000

Strategic Thrust

- Increase awareness to create preference for British Columbia as a tourism destination by domestic and foreign visitors.
- Initiate programs based on thorough research, including tracking and evaluation.
- Achieve initiatives through cooperative, joint-venture partnerships with industry and other government agencies.
- Focus on market-based development of programs and initiatives.

Key Activities

Business Management:

- Strategic planning and implementation of market based programs.
- Identification and realization of non-tax revenue generating opportunities.

Market Research and Economic Analysis:

- Visitor Study - Continue Year 2 of four year comprehensive study of visitor behaviour in British Columbia to provide analytical input to business unit plans.
- Market Research - Ongoing market and consumer business unit plans for program development and tracking/evaluation of marketing programs.

Product Development:

- Develop a government/industry long-term growth strategy which addresses policy, infrastructure and other constraints to optimize the capacity, utilization and quality of British Columbia's tourism products in a competitive global marketplace.
- To facilitate the development of the tourism industry through provision of product specific analysis, and planning tools at the regional and community level.

British Columbia Market Development:

- Increase revenues from British Columbia Resident Market through a specific resident market development program called Vacation BC. The program is comprised of an awareness campaign, a cooperative industry government component and an evaluation component.

Regional Market Development:

- Focus application of Partners in Tourism program on the large regional markets, with an emphasis on program tracking and evaluation.

North American Market Development:

- Form strategic partnerships to create the necessary critical mass to target full scale campaigns in open sky cities. Focus will be on creating awareness with both the consumer and travel trade. Programs will encourage trial by offering packages with a strong call to action.

Overseas Market Development:

- Increase awareness and promotion of British Columbia as a travel destination among the travel trade in key overseas markets.

Information/Reservations:

- Increase support for operation of information systems and centres, providing accommodation bookings and conversion research.

2. OBJECTIVES

1995 / 1996
1996 / 1999

REVENUE AND VISITOR VOLUME IN BRITISH COLUMBIA : 1995 OBJECTIVES BY QUARTER

	1994 ANNUAL ACTUAL		1995 OBJECTIVES			1995 Quarter 1 BUDGET		1995 Quarter 2 BUDGET		1995Quarter 3 BUDGET		1995 Quarter 4 BUDGET		TOTAL 1995 BUDGET		
	Visitors (000's)	Revenue ($millions)	Visitors (000's)	Revenue $millions	Revenue Growth	Visitors (000's)	Revenue ($millions)	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Revenue Growth
BRITISH COLUMBIA	**17,253**	**3,238**	**18,547**	**3,481**	**7.5%**	**4080**	**766**	**4,451**	**835**	**5,935**	**1,114**	**4,080**	**766**	**18,547**	**3,481**	**7.5%**
REGIONAL	**4,537**	**1,179**	**4,878**	**1,268**	**7.5%**	**758**	**204**	**1,274**	**327**	**2,006**	**512**	**840**	**224**	**4,878**	**1,267**	**7.5%**
Alberta																
Can. Regional Subtotal	2,597	800	2,791	860	7.5%	497	153	692	213	1,069	329	533	164	2,791	860	7.5%
Washington																
US Regional Subtotal	1,941	379	2,086	407	7.5%	261	51	582	114	937	183	307	60	2,086	407	7.5%
N. AMERICAN LONG HAUL	**2,784**	**1,268**	**3,007**	**1,369**	**8.0%**	**431**	**208**	**807**	**361**	**1,281**	**570**	**488**	**232**	**3,007**	**1,369**	**8.0%**
Ontario																
Can. LH Subtotal	934	616	1,009	665	8.0%	180	118	250	165	386	255	193	127	1,009	665	8.0%
California																
US LH Subtotal	1,828	640	1,974	691	8.0%	247	86	551	193	886	310	290	102	1,974	691	8.0%
Mexico	22	13	24	14	8.0%	5	3	6	4	9	5	5	3	24	14	8.0%
TOTAL ASIA / PACIFIC	**622**	**366**	**703**	**414**	**13%**	**127**	**75**	**172**	**102**	**285**	**168**	**119**	**70**	**703**	**414**	**13.0%**
MAJOR ASIA / PACIFIC	**536**	**315**	**605**	**356**	**13%**	**110**	**64**	**148**	**88**	**246**	**145**	**102**	**60**	**605**	**356**	**13.0%**
Japan	274	161	310	182	13%	62	37	72	42	124	73	52	31	310	182	13.0%
Hong Kong	81	47	91	54	13%									91	54	13.0%
Taiwan	50	29	56	33	13%									56	33	13.0%
South Korea	36	21	41	24	13%									41	24	13.0%
Australia	74	43	83	48	13%									83	48	13.0%
TOTAL EUROPE	**426**	**248**	**477**	**278**	**12%**	**48**	**28**	**129**	**75**	**240**	**140**	**61**	**36**	**477**	**278**	**12.0%**
MAJOR EUROPE	**393**	**229**	**440**	**257**	**12%**	**44**	**25**	**119**	**69**	**221**	**129**	**56**	**33**	**440**	**257**	**12.0%**
United Kingdom	168	98	189	110	12%	20	12	54	31	89	52	26	15	189	110	12.0%
Germany	132	77	148	86	12%									148	86	12.0%
OTHER OVERSEAS	24	14	26	15	8%	3	2	7	4	12	7	4	2	26	15	8.0%
TOTAL	**25,647**	**6,314**	**27,638**	**6,825**	**8%**	**5447**	**1282**	**6,840**	**1,705**	**9,759**	**2,511**	**5,592**	**1,329**	**27,638**	**6,825**	**8.0%**

MINISTRY OF SMALL BUSINESS, TOURISM AND CULTURE
TOURISM DIVISION

Revenue and Visitor Volume Objectives by Key Market: 1995 - 1999

Market	1994 Actuals		1995	1995 Volume and Revenue Growth		1995 Objectives		Volume (000's) and Revenue ($millions and % increase) Objectives							
	Visitor	Revenue	Revenue Growth	Visitor	Revenue	Visitor	Revenue	1996		1997		1998		1999	
	(000's)	($million)	(%)	(000's)	($million)	(000's)	($million)	Visitor	Revenue	Visitor	Revenue	Visitor	Revenue	Visitor	Revenue
BRITISH COLUMBIA	17,253	3,238	7.5	1294	243	18,547	3,481	20,216	3,794 9%	22,137	4,155 9.5%	24,129	4,529 9%	26,274	4,928 9%
REGIONAL	4,537	1,179	7.5	341	89	4,878	1,268	5,317	1,382 9%	5,821	1,513 9.5%	6,346	1,650 9%	6,910	1,795 9%
N. AMERICAN LONG HAUL	2,784	1,268	7.5	223	101	3,007	1,369	3,277	1,493 9%	3,605	1,642 *10%*	3,966	1,806 *10%*	4,362	1,984 *10%*
TOTAL ASIA/PACIFIC	622	366	13	81	48	703	414	808	476 *15%*	930	547 *15%*	1,069	629 *15%*	1,229	722 *15%*
TOTAL EUROPE	426	248	12	51	30	477	278	539	314 *13%*	609	355 *13%*	688	401 *13%*	778	453 *13%*
OTHER OVERSEAS	24	14	7	2	1	26	15	28	16 7%	30	17 7%	31	18 5%	33	18 5%
TOTAL	25,647	6,314	8	1989	511	27,638	6,825	30,184	7,475 9.5%	33,131	8,229 *10%*	36,227	9,033 9.8%	39,585	9,900 9.6%
ORIGINAL OBJECTIVES (established April 1994)		6,000				27,763	6,500	30,124	7,200 *11%*	33,471	8,000 *11%*	37,655	9,000 *12%*	41,421	9,900 *11%*

3. HIGHLIGHTS:

1994 / 95 ACTUALS

OVERNIGHT REVENUE AND VISITOR VOLUME IN BRITISH COLUMBIA PERFORMANCE AGAINST OBJECTIVES: 1994

	1993 ACTUAL		1994 OBJECTIVES			1994 Quarter 1 ACTUAL		1994 Quarter 2 ACTUAL		1994 Quarter 3 ACTUAL		1994 Quarter 4 ACTUAL		TOTAL 1994 ACTUAL		
	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Revenue Growth	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Visitors (000's)	Revenue $millions	Revenue Growth (94/93)
BRITISH COLUMBIA	**16,567**	**3,051**	**17,064**	**3,143**	**3%**	**3,718**	**698**	**4,215**	**791**	**5,567**	**1,045**	**3,754**	**705**	**17,253**	**3,238**	**6%**
REGIONAL	**4,289**	**1,087**	**4,589**	**1,163**	**7%**	**688**	**185**	**1,186**	**304**	**1,889**	**491**	**774**	**201**	**4,537**	**1,179**	**9%**
Alberta	1,844					335		485		756		363		1,939		
Can. Regional Subtotal	2,471	749				449		649		1,012		486		2,597	800	7%
Washington	1,437					189		425		682		228		1,524		
US Regional Subtotal	1,818	338				239	47	537	105	877	169	288	56	1,941	379	12%
N. AMERICAN LONG HAUL	**2,623**	**1,158**	**2,832**	**1,251**	**8%**	**389**	**177**	**744**	**339**	**1,202**	**547**	**450**	**205**	**2,784**	**1,268**	**10%**
Ontario	680					124		179		278		134		715		
Can. LH Subtotal	889	576				161		234		364		175		934	616	7%
California	618					81		183		293		98		655		
US LH Subtotal	1,712	571				225		506		826		271		1,828	640	12%
Mexico	21	12				3		4		12		4		22	13	9.7%
TOTAL ASIA AND OCEANIA	**539**	**302**				**101**	**59**	**154**	**91**	**245**	**144**	**122**	**72**	**622**	**366**	**21.2%**
MAJOR ASIA & OCEANIA	456	256				90	53	128	75	216	127	101	59	536	315	
Japan	250	140	270	151	8%	54	32	62	36	107	63	52	31	274	161	15.2%
Hong Kong	76	43				15		18		32		15		81	47	
South Korea	18	10				3		8		19		7		36	21	
Australia	58	33	58	33	0%	11		21		27		14		74	43	31.9%
TOTAL EUROPE	**375**	**210**				**42**	**25**	**109**	**64**	**217**	**127**	**58**	**34**	**426**	**248**	**18.3%**
MAJOR EUROPE	342	192				38	22	101	58	205	119	49	28	393	229	19.3%
United Kingdom	144	81	152	85	5%	17		47		81		24		168	98	21.2%
Germany	118	66	132	74	12%	14		32		69		16		132	77	16.7%
OTHER OVERSEAS	**21**	**12**	**23**	**13**	**8%**	**2**	**1**	**6**	**3**	**11**	**6**	**4**	**2**	**24**	**14**	**19.2%**
TOTAL	**24,414**	**5,819**	**25,485**	**6,120**	**5%**	**4,940**	**1,146**	**6,414**	**1,592**	**9,131**	**2,360**	**5,162**	**1,218**	**25,647**	**6,314**	**8.5%**

Fiscal 1994/95 Project Highlights

- Introduced Business Unit Management System with accompanying changes in organization structure, staffing, training programs and enhanced operating disciplines for the division. The Business Management Unit System was implemented to ensure that Tourism British Columbia will be able to achieve its long-term objectives. The hallmarks of this new approach are:

    - all that Tourism British Columbia does begins with the consumer.
    - the Business Units are responsible for identifying those consumer needs and desires that Tourism British Columbia must meet to achieve its objectives.
    - the Business Units are the champions of the consumer; therefore these Units determine the activities of all Tourism British Columbia branches.

- Commenced a four year comprehensive study of visitor and resident behaviour in British Columbia to provide analytical input to business unit plans.

- Established of a new wordmark for Tourism British Columbia as part of an extensive image program to give British Columbia a consistent, distinctive, visual identity across all division activities.

- Licensed the rights to American Express to use SuperHost in Asia for a period of 5 years for $600,000. This sale consisted of cash to fund new SuperHost developments in British Columbia and support from American Express to encourage U.S. and Asian travellers to visit B.C.

- Launched the Rolling Billboards advertising campaign which involves tractor trailers travelling North American displaying large scenes of British Columbia. To date, 60 trucks are on the road carrying the Super, Natural British Columbia images.

- In 1994, more than 403,000 callers from all over North America phoned "Discover British Columbia," the Ministry's toll free information/reservation system. This represents a 56% increase over the 1993 total of 258,000 calls. More than 25,000 reservations, resulting in nearly 45,000 room nights, were booked through the Discover British Columbia system in 1994. Forty two percent of these reservations were at properties outside of the Lower Mainland. The value of these accommodation reservations totalled $4.28 million.

Co-operative Projects

Discover Vancouver Campaign

- The "Discover the many sides of Vancouver" campaign was a successful partnership between Tourism Vancouver, participating member hotels, Discover British Columbia and Tourism British Columbia. The advertising campaign ran for six weeks (May 2 - July 3) in the *Seattle Times* travel section. The total cost of the campaign was $62,000 with $15,000 in funding coming from the ministry.

  The campaign generated 367 reservations, 607 room nights and approximately $322,500 in visitor spending. Utilizing the Canadian Tourism Research Institute's Economic Assessment Model, Tourism Vancouver estimates the economic benefits to the province as a result of the campaign to be:

  - over $706,300 in industry output or sales
  - nearly $226,000 in wages and salaries
  - more than $138,000 in taxes to all levels of government
  - approximately $417,000 in GDP.

Okanagan Wine Festival

- $39,000 of Partners in Tourism were used in the promotion of the highly successful Okanagan Wine Festival. Attendance at the wine festival last year totalled nearly 13,000 people (a 120% increase over the 1993 attendance of 5,600), with 95% of the events reporting increases over last year. Revenues generated in 1994 totalled more than $540,000 generating nearly $65,000 in provincial tax revenues. The Wine Festival has also served to extend the high season in the Okanagan an extra month to the end of September.

4. BUSINESS REVIEW HIGHLIGHTS

TOURISM BRITISH COLUMBIA

BUSINESS REVIEW HIGHLIGHTS

Business Analysis

A. Conclusions

1. Some of B. C.'s competitors have recognized the importance of tourism and have invested behind this activity. For example, the province of Quebec has 296 staff and the Australia Tourism Commission has a budget of $A104 million.

2. Over the last 4 years, average annual growth in international visitors has been 4% while growth in receipts has been 10%. Canada is not keeping up -- Canada's rank in international arrivals has dropped from 7th place in 1985 to 11th place in 1993.

3. Travel by Canadians within Canada is estimated to have increased by 20% from 1982 to 1992. However, travel in B. C. by Canadians is estimated to have increased 61% over the same period.

4. The most important market areas to B. C. in terms of visitors and revenues are, by rank: B. C./Regional, North America Long Haul, Asia and Europe.

5. The expenditures per visitor are in the reverse order: Asia/Europe, North America Long Haul, B. C./Regional.

6. Industrialised economies in Europe and North America have been struggling with higher than normal unemployment rates. The resulting uncertainty has decreased the likelihood of some groups travelling.

7. Emerging tourism markets include Korea where there has been a significant increases in wages in the 1990's. Other areas to watch are Taiwan, China, and the more politically stable parts of the former Soviet bloc.

8. The low Canadian dollar has the biggest impact on keeping British Columbians at home. There is also a positive effect on visitors from Australia and Japan. These impacts may change if the dollar remains low.

9. Tourism in B. C. ranks 10th in total Provincial GDP but third in exports (after lumber and pulp).

B. Global Tourism Industry

- Total receipts have more that doubled since 1980.
- The last five years have seen a growth in receipts of more than forty percent.
- The number of visitations has increased more than seventy percent since 1980.
- The number of visitations has generally grown at a slower rate than have receipts.
- Fluctuations in the growth rates of both visitations and receipts reflect changing economic conditions and major events such as the Gulf War.

International World Tourism Estimates

Year	Total International Visitations (Thousands)	% Change from Previous Year	Receipts from International Tourism (U.S. $ millions)	% Change from Previous Year
1950	25,282		2,100	
1960	69,320		6,867	
1970	165,787		17,900	
1980	287,787		103,535	
1989	431,253	7.28	214,930	7.85
1990	458,357	6.28	260,114	21.02
1991	456,690	-0.36	263,211	1.19
1992	481,563	5.45	297,853	13.16
1993	500,142	3.86	303,977	2.06

Source: World Tourism Organization

- Canada's ranking in arrivals has slipped significantly since 1985 when Canada was seventh in terms of destinations.
- Top 15 countries in terms of arrivals have remained largely the same since 1985
- Hungary has gained considerable ground in arrivals, moving from number 10 to number 5 since 1985. This may be due to changes in travel possibilities with the changed political climate in Eastern Europe. The next few years may see a drop in these numbers as conditions return to a normal state of affairs.
- Germany has slipped from 5th to 12th place in terms of arrivals. Again, this is most likely the result of changing conditions and changing travel plans in Eastern Europe.

Top 15 Destinations For International Tourism By Number Of Arrivals, 1985 And 1992-3

1985	1992	1993	Country	No. Arrivals (m) 1993
1	1	1	France	61
3	2	2	USA	46
2	3	3	Spain	41
4	4	4	Italy	26
10	5	5	Hungary	23
7	7	6	UK	19
6	9	7	China	19
12	6	8	Austria	18
14		9	Poland	17
9	8	10	Mexico	17
7		11	Canada	15
8	10	12	Germany	14
10		13	Switzerland	12
		14	Czech Republic	12
13		15	Greece	9

Source: World Tourism Organisation

C. B. C. Tourism Industry

- Revenues from the B. C. tourism industry were more than $6.3 billion in 1994. These revenues are generated from over 25.5 visitors to the province.
- The number of visitors has grown an average of 2% per year for the past five years while revenues generated have grown by 5% per year.
- The B. C. market has grown by 10.5% over the last 5 years, as compared to 8.9% for the Regional Market, 3.2% for Long Haul North America, 29.4% Asia and Oceania, and 37.2% for Europe. However, relatively small numbers of visitors come from the latter two markets.
- 85% of visitors and 70% of revenues come from the B. C. and Regional markets.

Major Market Shares: Volumes and Revenues 1989-1994

	1989		1990		1991		1992		1993		1994	
	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions
British Columbia	15,613	$2,622	15,613	$2,882	16,081	$2,814	16,242	$2,842	16,567	$3,051	17,253	$3,238
Regional	4,192	$946	4,163	$977	4,233	$1,025	4,258	$1,041	4,289	$1,087	4,537	$1,179
Long Haul N. America	2,695	$1,102	2,696	$1,153	2,657	$1,141	2,615	$1,123	2,623	$1,158	2,489	$1,268
Asia and Oceania	446	$208	484	$247	480	$252	504	$271	539	$302	622	$366
Europe	296	$138	297	$151	325	$171	340	$183	375	$210	426	$248
Other International	14	$7	16	$8	18	$9	18	$10	21	$12	24	$14
TOTAL	23,256	$5,022	23,268	$5,417	23,794	$5,412	23,976	$5,470	24,413	$5,819	25,647	$6,312

Source: Research and Economic Analysis.

Note : 1. The revenue numbers for 1994 are **preliminary estimates** only.
2. Long Haul North America includes Mexico.
3. The figures may not add up to the total due to rounding.

Market Share by Percentage of Volume and Revenue: 1989-1994 (estimates)

	1989		1990		1991		1992		1993		1994	
	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue
British Columbia	67.1%	52.2%	67.1%	53.2%	67.6%	52.0%	67.7%	52.0%	67.9%	52.4%	67.3%	51.3%
Regional	18.0%	18.8%	17.9%	18.0%	17.8%	18.9%	17.8%	19.0%	17.6%	18.7%	17.7%	18.7%
Long Haul N. America	11.6%	21.9%	11.6%	21.3%	11.2%	21.1%	10.9%	20.5%	10.7%	19.9%	10.9%	20.2%
Asia and Oceania	1.9%	4.1%	2.1%	4.6%	2.0%	4.7%	2.1%	5.0%	2.2%	5.2%	2.4%	5.8%
Europe	1.3%	2.7%	1.3%	2.8%	1.4%	3.2%	1.4%	3.3%	1.5%	3.6%	1.7%	3.9%
Other International	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.1%	0.2%	0.1%	0.2%

Source: Research and Economic Analysis.

Note : 1. The percentages in this table show the relative sizes of the major markets
2. Percentages may not add up to 100% due to rounding.

Major Market Shares: Volumes and Revenues 1989-1994

	1989		1990		1991		1992		1993		1994	
	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions	Visitors 000's	Revenue $millions
British Columbia	15,613	$2,622	15,613	$2,882	16,081	$2,814	16,242	$2,842	16,567	$3,051	17,253	$3,238
Regional	4,192	$946	4,163	$977	4,233	$1,025	4,258	$1,041	4,289	$1,087	4,537	$1,179
Long Haul N. America	2,695	$1,102	2,696	$1,153	2,657	$1,141	2,615	$1,123	2,623	$1,158	2,489	$1,268
Asia and Oceania	446	$208	484	$247	480	$252	504	$271	539	$302	622	$366
Europe	296	$138	297	$151	325	$171	340	$183	375	$210	426	$248
Other International	14	$7	16	$8	18	$9	18	$10	21	$12	24	$14
TOTAL	23,256	$5,022	23,268	$5,417	23,794	$5,412	23,976	$5,470	24,413	$5,819	25,647	$6,312

Source: Research and Economic Analysis.

Note : 1. The revenue numbers for 1994 are **preliminary estimates** only.

2. Long Haul North America includes Mexico.

3. The figures may not add up to the total due to rounding.

Market Share by Percentage of Volume and Revenue: 1989-1994 (estimates)

	1989		1990		1991		1992		1993		1994	
	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue	Visitors	Revenue
British Columbia	67.1%	52.2%	67.1%	53.2%	67.6%	52.0%	67.7%	52.0%	67.9%	52.4%	67.3%	51.3%
Regional	18.0%	18.8%	17.9%	18.0%	17.8%	18.9%	17.8%	19.0%	17.6%	18.7%	17.7%	18.7%
Long Haul N. America	11.6%	21.9%	11.6%	21.3%	11.2%	21.1%	10.9%	20.5%	10.7%	19.9%	10.9%	20.2%
Asia and Oceania	1.9%	4.1%	2.1%	4.6%	2.0%	4.7%	2.1%	5.0%	2.2%	5.2%	2.4%	5.8%
Europe	1.3%	2.7%	1.3%	2.8%	1.4%	3.2%	1.4%	3.3%	1.5%	3.6%	1.7%	3.9%
Other International	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.1%	0.2%	0.1%	0.2%

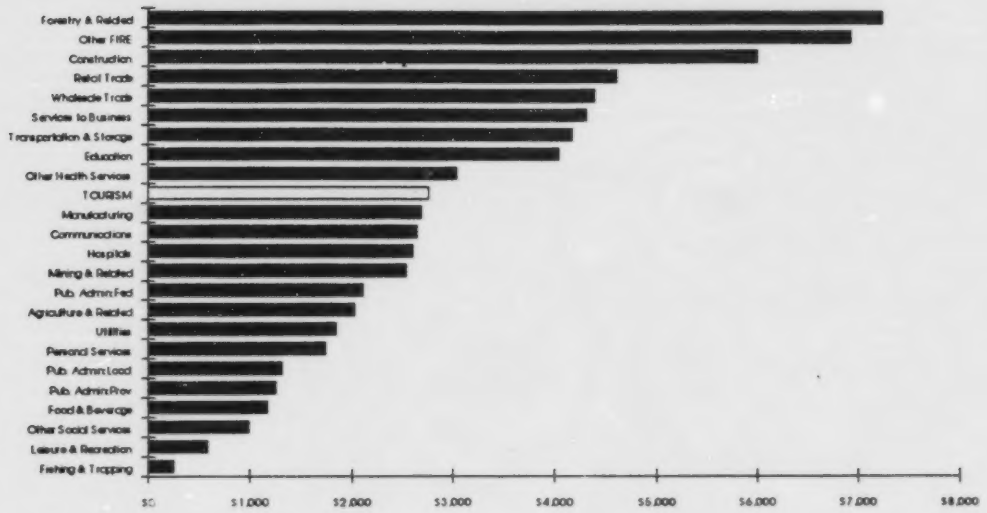
Source: Research and Economic Analysis.

Note : 1. The percentages in this table show the relative sizes of the major markets

2. Percentages may not add up to 100% due to rounding.

D. Tourism in the B. C. Economy

The Relative Size in GDP of B. C. Industries



- Tourism accounts for between three and four percent of economic activity in both current and constant dollars
- Tourism generally follows the same cycle of the economy as a whole.
- The tourism industry may be particularly depressed during a recession as consumers try to minimise spending on non-essential items.

Current Dollar GDP

	Total B.C. GDP		Tourism GDP		Tourism as % of GDP
Year	$M	% Change	$M	% Change	
1981	39,999		1,456		3.6
1982	41,106	2.69	1,487	2.08	3.6
1983	43,348	5.17	1,546	3.82	3.6
1984	46,034	5.83	1,610	3.98	3.5
1985	48,667	5.41	1,715	6.12	3.5
1986	51,336	5.20	1,904	9.93	3.7
1987	56,300	8.82	1,992	4.42	3.5
1988	62,472	9.88	2,133	6.61	3.4
1989	69,088	9.58	2,382	10.45	3.5
1990	73,423	5.90	2,614	8.88	3.6
1991	74,270	1.14	2,578	-1.40	3.5
1992	76,071	2.37	2,652	2.79	3.5
1993	80,272	5.23	2,759	3.88	3.4

Source: B.C. Stats, Ministry of Government Management Services. 1995
Note: 1 The entire GDP series was revised in the fall of 1994 because of changes in the underlying Statistics Canada data.

5. KEY ISSUES

Key Issues

Key issues have been identified by the tourism industry and the Tourism Division.

Tourism Industry

The key tourism industry issues are as follows:

1. Ministry Budget

The industry has communicated the need to link budgets with performance following several years of attrition in the Tourism Division budget:

- This allows for long term, strategic planning, implementation of marketing programs, and the achievement of the $9.9 billion by 1999 objective.
- COTA proposes that formula funding (i.e. based on percentage of gross revenues, gross domestic product, or taxation on accommodation) be implemented for tourism programs.

2. Coordinated Planning

- The tourism industry has identified the importance of consultation, coordinated planning and the continuing integration of marketing activities.

3. Competitive Activity

Competition from other jurisdictions has intensified to the point that Canada has seen its position as a world tourism destination for arrivals drop from 7th place in 1985, to 11th place in 1993.

Industry looks to government to market the province of British Columbia.

4. Transportation

Long term growth of the industry is dependent upon developments in transportation access:

- Vancouver International Airport - Opening of the Third Runway in 1996
- Air bilaterals: 12 new daily direct flights from US points of origin
- Overseas routes: opening of new, international routes; "use it or lose it" policy
- Cruise ship (Vancouver to Alaska) industry - Changes to the US *Jones Act* are not supported by Canadians

- Small craft docks: Federal government is devolving the operation of these docks to local communities
- Regional airports: Transport Canada is devolving its role in the operation of airports to local communities or authorities.

5. Environmental

- The new *Tourism Act* fulfils COTA's request for a legislated mandate for tourism, especially reflecting tourism interests in land and resource use and management decisions.

- Development of markets and industry's capital plant is affected by environmental and land use decisions. Major tourism developments, i.e., golf, ski, marinas and resorts, will be reviewed under the *Environmental Assessment Act* (effective June 30, 1995).

- Tourism depends upon its "Super, Natural" image of a clean, unspoiled province with resources for many outdoor activities. Poor image of British Columbia, i.e., forestry issues in the European media markets, represents an emerging issue negatively impacting tourism.

- Commercial backcountry recreation policy of the Ministry of Environment, Lands and Parks, may significantly affect long term investment decisions, given the short tenure terms. Increases in assessment rates directly impact the rental fees charged to tourism operators for Crown Lands and related commercial docks.

6. Taxation

The cumulative increases to fees and licences from all three levels of government are burdensome for tourism businesses. Although each individual increase may be moderate, when taken together these increases add significantly to a firm's cost of doing business.

- A survey of 29 small businesses (all sectors) indicated that total licenses and fees for all participants increased by 12% in 1993 dollars, between the years 1989-1993.
- The workload and costs associated with tax compliance have increased and this trend is expected to continue. The administrative burden of tax compliance is significant for small operators.

Property taxes are impacted by policies of the British Columbia Assessment Authority, including the following issues:

- Crown land rental fees are based upon market value assessment rates
- Assessment of freshwater fishing resorts are seen to be excessive and be sold to individuals who are not operating them as freshwater fishing resorts

Concerns have been expressed regarding increases to the minimum wage combined with elimination of youth wage effective March 1995, by regulation, as well as major legislative changes to the *Employment Standards Act*.

Concerns exist regarding the cumulative impacts of taxation on the discretionary spending by tourists including:

- GST
- restaurant tax

Ministry - Tourism Division

The key issues for the Tourism Division are as follows:

1. Budget

Uncertainly surrounding annual budget allocations inhibits long term, strategic decision making.

2. Organization Structure

To address the need for an integrated operation of the four branches of the Tourism Division, a co-ordinated, market-focused approach has been implemented.

Introduction of a Business Unit Management system, using the four major market areas, BC/Regional, North America Long Haul, Asia and Europe, for development of integrated strategies and programs (see attached organization charts).

3. Research/Evaluation

Greater emphasis to be placed on market research, tracking and evaluation and measurement of performance.

4. Legislation

The new *Tourism Act* updates and clearly reflects the powers, functions and activities of the tourism ministry and meets the government's commitment to "represent tourism resource interests in regional resource planning and policy development". Its key points are:

- Encouraging the development of the tourism industry
- Reflecting tourism interests in land and resource use and management decisions
- Providing information services for tourism
- Promoting tourism
- Encouraging the development of the motion picture industry

Major tourism developments, i.e., golf, ski, marinas and resorts, will be reviewed under the *Environmental Assessment Act* (effective June 30, 1995). The Tourism Division will be the lead on these projects, except for ski resorts which will be handled by the Ministry of Employment and Investment.

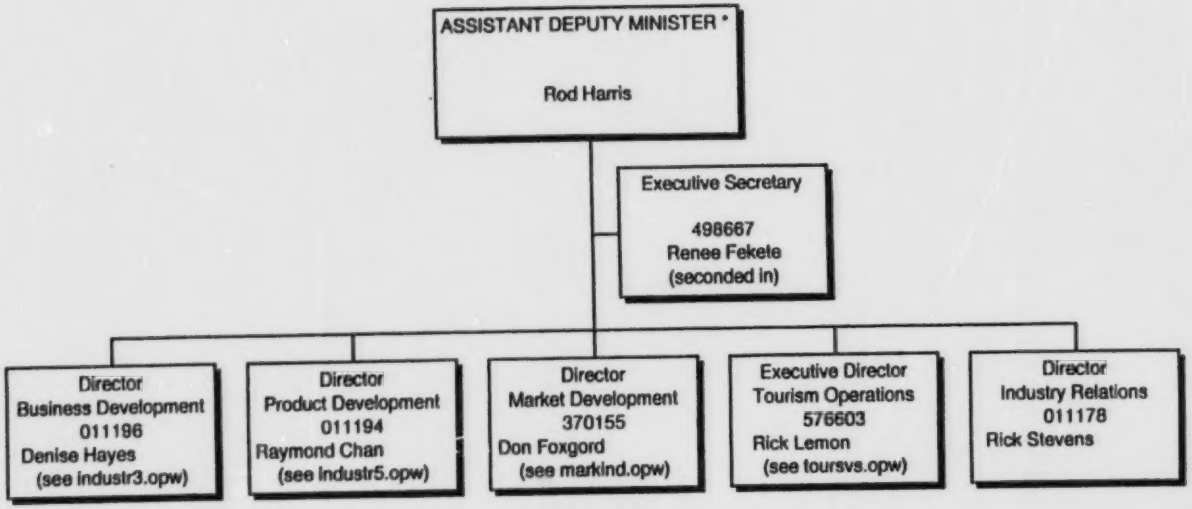
6. ORGANIZATION CHARTS -

ROLES / RESPONSIBILITIES

MINISTRY OF SMALL BUSINESS, TOURISM AND CULTURE

1995/96

TOURISM DIVISION



Date Approved: _____

ADM: _____

Director of Personnel: _____

Branch Director: _____

* Additiona. Burn
95/05/01
industry.opw

TOURISM DIVISION - BRANCH/UNIT RESPONSIBILITIES

	Branch/Unit	Primary Focus
	BUSINESS DEVELOPMENT	Plan, implement, and evaluate programs which enhance the long term, international competitiveness of the BC tourism industry.
1.	Business Management	Design and implement long term, strategically sound, market oriented programs. Coordinate cross-branch activities. Identify and implement revenue generating activities for the Tourism Division, including the sale of marketable products and properties.
2.	Research and Economic Analysis	Track market activities, conduct economic research and analysis and provide marketing research and evaluation assistance to both the division and industry partners.
	PRODUCT DEVELOPMENT	Ensure that optimum capacity and quality of tourism products and infrastructure are available for the BC tourism industry to realize its long term growth objectives in a global market place.
1.	Product Development	Research, evaluate and respond to issues and opportunities which affect the capacity and quality of BC tourism products.
2.	Tourism Industry Development	Identify and address constraints to industry development in terms of government policy and legislation, transportation, air/land/water access and financial resources.
3.	Tourism Community Development	Facilitate tourism development at the community and regional level through the provision of tourism information and expertise, specific planning tools and workshops.
	MARKET DEVELOPMENT	Provide sales and marketing services to the Tourism Division and industry.
1.	Market Development British Columbia North America Europe Asia	Implements direct sales project activities against strategic plans in designated markets involving market intelligence, media and travel trade promotions, product awareness and industry familiarization.
2.	Marketing Services Publications Promotions Media Relations	Provide marketing services to the division involving media planning, creative production, media relations, cooperative promotions, image bank, publications, site inspection and familiarization tours.
	TOURISM OPERATIONS	Implement programs which provide product information to consumers, enhance professional development, promote job creation.
1.	Visitor Services	Provide product information to the travel trade, resident and non-resident visitors and book reservations for the visiting public.
2.	Educational Services	Deliver tourism specific education and training products to industry.
3.	Industry Services	Promote job creation through the delivery of employment programs and ensure quality standards for tourism products are achieved.
	INDUSTRY RELATIONS	Develop and maintain strong industry/government relationships through effective communication and public relations.

7. BUSINESS UNIT PLAN:

BC/REGIONAL

STRATEGIC PLAN

B.C. and Regional

1. Plan Summary

Following are volume and revenue estimates for for 1995:

	1993 Actual	1994 Actual	1995 Plan	% Change (1993-1995)
Volume (000)	20,856	21,790	23,425	12.3
Revenue ($B)	4,138	4,417	4,749	14.8
% Change (Vol)	1.7	4.5	7.5	
% Change (Rev)	6.6	6.7	7.5	

2. Past Year Business Review

a. Key Lessons Learned/Business Opportunities

	$(000)	% of Total
Partners in Tourism		
Administration	1,170.00	23.54
Co-operative Marketing	2,592.00	52.14
Special Project Fund	1,000.00	20.12
Subtotal	**4,762.00**	**95.80**
Trade Shows	14.10	0.34
Support Infrastructure	191.70	3.86
Total	**4,967.80**	**100.00**

As shown above, over 95% of the activity in the BC and Regional market place occurs through the Partners In Tourism program. The program's key vehicle for undertaking activities is through a cooperative funding mechanism. To this end, the Regional Tourism Associations, the administrators of the Partner's program, are essentially contractors of the Ministry that co-op Ministry dollars with its members' private sector dollars. In this way, almost $5.2 million is targeted at the resident and close-in markets, with $2.6 million provided by the Ministry and the other $2.6 million provided by the private sector. The Regional Tourism

Associations administer the Partners Program at a cost to the Ministry of approximatley $1.2 million per year.

The activities that are undertaken by the Regional Tourism Associations fall into four broad catergories; touring, outdoor recreation, festivals and events and meetings and incentive travel. The activities undertaken are wide in scope but generally each regional association's activities include such things as the production and distribution of regional tourism guides, outdoor guides, events calendars, regional maps and travel planners, advertising primarily in print media and in radio and television to a lesser extent, and attending trade and consumer shows.

Looking at the activities undertaken on a geographical basis, overall the percentage of activities undertaken by the regional associations are targeted at the following markets:

Market	% Expenditure
BC	41.5
Alberta	19.7
Man/Sask	2.5
Balance - Cda	3.7
Wa/Or	20.1
California	3.6
Balance USA	6.5
International	2.4
Total	100.0

The key lessons learned from the past year's activities are as follows:

- the cooperative funding mechanism which defines the Partners program is an effective means of leveraging public funds with private sector dollars. In addition, it is an important vehicle in assisting the Ministry in undertaking the tactical component of the strategic plan It accomplishes this through partnerships and helps to build a stronger, more unified industry.
- this year's review identified a weakness in the Partners program between the expenditure of funds and effectiveness reporting. Unfortuntately, the evaluation and tracking mechanism in place is not of sufficient strength for the business unit to report on the effectiveness of the Partners program. This does not imply that the activities that were undertaken are not beneficial; it merely states that it is difficult to ascertain how beneficial, and difficult to use as guidance in directing and redirecting funds in the program from year to year. As a result, the key lessons learned tend to be anecdotal in nature and without

sound performance measures the quality of decisions made using this information is suspect.

- an effort was undertaken in the mid-part of fiscal 1994/95 to evaluate the activities of the Partner's Special Fund. Although this effort was a definite and positive attempt to measure the effectiveness of the activities undertaken using the Special Fund, it did not yield reports in a form which could be used by the business unit.
- given this key learning (i.e., that an effective evaluation and tracking system does not exist), it is a strong recommendation that a key priority of this year's strategic plan includes expenditure on the implementation of an effectiveness reporting system that can provide information for the business unit.
- using anecdotal information, we believe that opportunties exist to increase revenue and visitation by targeting more effectively at the regional and resident market.

b. Situation Analysis

i. The primary priority market is the BC resident, representing 67% of total visitation and 51% of total revenue. Because of the state of the exchange rate, there is an opportunity to build upon Canadian's desire/necessity to stay in Canada.

ii. Secondary priority markets are Alberta and Washington State. Tertiary markets are Saskatchewan, Oregon, Alaska, the Territories, Montana, and Idaho.

iii. The potential of travel from the resident market is very high. By affecting small changes in behaviour this will result in large changes in revenue and visitation.

In 1994, visitation by the resident market was estimated at 17,253,000 overnight visits or 67 percent of total visitation. Revenue in 1994 is estimated at $3.24b, or 51 percent of total vistitation.

It is estimated that BC residents spend approximately $8.1b on 24.7m total trips per year. Using the equivalent percentage breakdown between revenue and visitation as noted above, this represents $4.9b spent outside BC on 7.4m trips per year, resulting in a travel deficit.

Using the most recent revenue and visitation estimates, following is an estimate of potential increases in revenue for the specific action noted in the preceding paragraph:

- encourage travel by one trip in BC represents $670m in revenue;
- increase spending per person by $5 per day represents $319m in revenue;
- increase length of stay by .5 days represents $437m in revenue;
- convert 10 percent of the excursion market represents $149m in revenue.

3. Forecast For Coming Year

Importance by Sub Market of BC/Regional Visitors to BC

	1989	1990	1991	1992	1993	1994	1995
BC	15,613	15,613	16,081	16,242	16,567	17,253	
% growth		0.0	3.0	1.0	2.0	4.1	
Alberta	1,791	1,755	1,790	1,826	1,844	1.941	
% growth		-2.0	2.0	2.0	1.0	5.3	
Sask/Man/Terr	659	645	633	626	626	660	
% growth		-2.1	-1.9	-1.1	0.0	5.4	
Washington	1,376	1,393	1,430	1,427	1,437	1,526	
% growth		1.2	2.7	-0.2	0.7	6.2	
Oregon	203	205	211	210	212	228	
% growth		1.0	2.9	-0.5	1.0	7.5	
Id/Mo/Ak	162	164	169	168	170	182	
% growth		1.2	3.0	-0.6	1.2	7.1	
Total BC/Reg'l	19,804	19,775	20,314	20,499	20856	21,790	23,425
% growth		-0.1	2.7	0.9	1.7	4.5	7.5

Source: Research and Economic Analysis Unit Volume and Revenue Estimates 1994

4. Marketing Objectives and Strategies

a. Objectives

Tourism B. C.'s overall objective is to reach revenues of $9.9 billion by the end of 1999, which necessitates a significant increase in share from all business units.

For the BC resident market, albeit the largest market, is growing at the slowest rate of all business units, at a rate of 6 to10% per year for revenue as follows.

Year	1994	1995	1996	1997	1998	1999
Revenue ($B)	3.24	3.48	3.80	4.16	4.53	4.93
Increase ($B)	0.19	0.24	0.32	0.36	0.37	0.40
% Growth	6.1	7.5	9.2	9.5	8.9	8.8

b. Business Strategy

Before we proceed into the business strategy, it is important to understand the current revenue that is generated by each of the markets which comprise the BC/Regional market place:

Sub Market	1993 Estimated Revenue ($000)	Percent
B.C.	3,051	73.7
Alberta	480	11.6
Sask/Man/Terr	269	6.5
Washington	249	6.0
Oregon	44	1.1
Idaho/Montana/Alaska	45	1.1
Total	**4,138**	**100.0**

The BC resident market is the largest market, as well as being the most important submarket within the BC/Regional market place. Alberta follows, although the substrategies are articulated against the regional market as a whole.

i. BC Resident

- Positioning (Consumer and Trade) B. C. offers a wide variety of outstanding tourism products throughout the province which the resident needs greater awareness to discover and opportunity to purchase.
- Target Market:
    - Primary: BC resident adults 25+ with household incomes of $30,000+, who currently travel both within the province (expansion group) and outside the province (substitution group).
    - Secondary: Families who tend to travel primarily in their own region.
- Effort Priorities: Because the resident market is less sensitive to seasonal travel patterns,we should place our efforts on increasing travel in shoulder seasons and to areas of the province where product capacity exists.

ii. Regional Markets

- Positioning (Consumer and Trade): B. C. offers a wide variety of outstanding tourism products throughout the province which the near in market needs greater awareness to discover and opportunity to purchase.
- Target Market:
    - Primary: adults, 45+ with incomes greater than $40,000, who travel primarily by automobile
    - Secondary: adults with families, 25+ with incomes greater than $30,000, who travel primarily by automobile

5. Marketing Substrategies and Plans

a. Product

- Strategy Ensure that capacity exists to support the increase in visitation and revenue. This could be partially achieved by focusing BC Regional promotions to the shoulder and off-season times as well as promoting the non-urban areas to a greater extent.
- Plan Gain a better understanding of capacity constraints during the various seasons with a focus on using this analysis to drive Vacation BC activities.

b. Packaging

- Strategy Increase packaging opportunities to the BC/Regional marketplace, bringing easily accessible and easily fulfilled product opportunities to the consumer.
- Plan Increase usage of DBC as a fulfillment mechanism will eliminate this and bring more product possibilities to the consumer

c. Consumer Sales/Promotion/Advertising

- Strategy
  - Increase travel by the close-in and resident market by continuing efforts through the Partners In Tourism Program with the addition of the implementation of an evaluation framework which determines the effectiveness of the activities undertaken
  - Focus on increasing resident travel by increasing awareness by educating British Columbians about BC tourism opportunities and products; and by building consumer preference for the BC product, focusing on substitution (Vacation BC).
- Plan
  - Working with the Council of Regional Tourism Associations, design and implement a tracking and evaluation reporting system that will provide consistent, comparable, valid and useful data.
  - Working with the Vacation BC Advisory Group, implement the Vacation BC Program which is comprised of four components; an umbrella awareness campaign, a cooperatively-funded component, a community component and a research, tracking and evaluation.

d. Public Relations

- Strategy Utilize VacBC strategy
- Plan Work more closely with media, through VacBC.

e. Trade Promotion

- Strategy
  - Increase knowledge and understanding of the tourism products and experiences available by forming closer relationships with members of the trade.
- Plan
  - Working with the regional associations through the Partners In Tourism program, work with the trade by attending trade shows.
  - The market development manager for BC/Regional will work more closely with the Canadian Consulate in Seattle, as well as directly with the trade by organizing fam tours and attending trade shows.

f. Research

- Strategy
  - Gain a better understanding of the BC market place with respect to motivation, attitude and usage.
  - Increase the accountability of the Partners In Tourism program
- Plan
  - Engage a marketing expert to conduct baseline research and focus groups to gain an understanding of the BC/Regional market place.
  - Implement an accountability/evaluation framework for the Partners in Tourism Program

Situation Analysis - BC/Regional

A. Conclusions/Indicated Actions

1. As a first priority we recommend a specific focus on the resident market; because of its size, importance and coupled with aggressive growth goals for 1999, efforts focused on the resident have the potential to increase both visitation and revenue. According to the analysis, potential exists to have an immediate, significant influence on total revenue by increasing the number of trips, length of stay, and expenditures of this market place. This could be achieved through increased awareness and more effective industry-government partnerships.

2. Notwithstanding the importance of the resident market, the regional market is also important to us. Addressing both the BC and regional markets, the Partners in Tourism Program is largely responsible for providing, on behalf of the ministry, the majority of marketing efforts to these markets. However it is difficult to ascertain the value of this effort as we have not employed a consistent approach to evaluating and tracking the activities within this program. A second priority then, is to provide leadership to industry by developing and implementing a tracking system for the Partners In Tourism Program which is comparable, consistent, and defensible in terms of the methodology and quality of the information. Further to this point, we recommend that future programs have more clearly articulated goals and priorities regarding tracking and evaluation of ministry-funded initiatives.

3. The third priority is to gain a better understanding of the usage, attitudes and motivators of this market place. Our current information is largely visitation/revenue related which tracks the numbers of people who have visited with estimates of expenditures associated to this visitation. However, little, if any information exists which can provide assistance with understanding the market place and driving greater business into British Columbia in the future. This lack of information is a serious impediment to strategic planning.

B. Rationale

1. To meet the goals set by the Ministry, the BC resident market will need to grow by almost 10 percent per year for the next five years. Given the size of the market, this growth rate is very aggressive and will require a strategy that is very targeted and highly productive.

   Translating the growth rates into numbers, following is an estimation of revenue generation for the resident market for the periond 1995 - 1999:

Year	1994	1995	1996	1997	1998	1999
Revenue ($B)	3.24	3.48	3.80	4.16	4.53	4.93
Increase ($B)	0.19	0.24	0.32	0.36	0.37	.40
% Growth	6.1	7.5	9.2	9.5	8.9	8.8

The challenge is to influence the BC resident market to take more trips, spend more money and stay longer. The rationale is that small changes in behaviour will result in large changes in revenue. With the size and proximity of the market, the state of the exchange rate, and a resident who is proud of the BC product, this translates into a large opportunity to make a big impact.

In 1994, visitation by the resident market was estimated at 17,253,000 overnight visits or 67 percent of total visitation. Revenue in 1994 is estimated at $3.24b, or 52 percent of total vistitation.

It is estimated that BC residents spend approximately $8.1b on 24.7m total trips per year. Using the equivalent percentage breakdown between revenue and visitation as noted above, this represents $4.9b in BC on 7.4m trips per year. BC has a travel deficit.

Given that a significant opportunity exists in the resident market, the indicated action is to focus on increasing the number of trips, the length of stay or expenditures.

Using the most recent revenue and visitation estimates, following is an estimate of potential increases in revenue for the specific action noted in the preceding paragraph:

- encourage travel by one trip in BC represents $670m in revenue
- increase spending per person by $5 per day represents $319m in revenue
- increase length of stay by .5 days represents $437m in revenue

- convert 10 percent of the excursion market represents $149m in revenue

The total incremental, non-cumulative increases exceed $1.5b. Given the growth rates noted above, the increase in revenue between 1994 to 1999 equals $1.9b. Therefore, in order to reach the goals set out, a clear and effective strategy which targets increasing visitation, length of stay and expenditure is necessary.

2. As evident from the Section 1 of the business review, a consistent methodology for evaluating and tracking the expenditure of $2.5m does not exist. Given the necessity to increase revenue, the implementation of a evaluation system is paramount.

3. Also given the demands these aggressive goals place on the BC resident market, and given that recent, consistent market research information does not exist, this too is a crucial building block to the success of strategies undertaken in the BC resident market.

8. BUSINESS UNIT PLAN:

NORTH AMERICA LONG HAUL

STRATEGIC PLAN

North America Long Haul (NALH)

1. Plan Summary

The objective is to achieve an 8% increase for 1995/96 and to set plans in place to achieve a further 9% increase in 1996/97.

	1993 Actual	1994 Actual	% change (vs 1993)	1995 Plan	% change (vs 1994)
Volume	2,622,000	2,784,000	+6.2	3,007,000	+8%
Revenue ($ millions)	1,158,000	1,268	+9.5	1,369,000	+8%
Market Share	n/a	n/a		n/a	

2. Past Year Business Review

a. Key Lessons Learned

i. All programs need to be monitored and evaluated versus plan on an ongoing basis.

ii. Unpaid media efforts resulted in an estimated $13 Million worth of media coverage.

iii. Largest ever participation at National Tour Association (NTA) with full British Columbia participation in Team Canada projects – exceeded previous records. Streamlined working arrangements for Sales Manager, USA meant increased contact with group leaders as well as increased participation at Canadian Consular sponsored trade and media opportunities.

iv. Promotion of British Columbia as a meeting destination through co-operative programs works well increasing the comfort level of meeting planners as the destination and industry is perceived as cohesive.

b. Situation Analysis

a) A study conducted in California shows a clear correlation between awareness and purchase intent, and that product trial can lead to continuity of purchase. With the increased air access from the United States to Vancouver, it is now currently an opportune time to capatalize on this correlation. A full scale program with strategic partnerships would create sufficient critical mass to properly compete in these markets. It is in the interest of all levels of government, industry, the trade and airlines, to build business in cities with air access.

b) An additional 950,000 annual airline seats are being added for a total capacity from the U.S., in 1995, of 1.55 Million seats. Based on capacity and demographic factors, promotional efforts targeted at open sky cities should be considered in the following order of priority:

San Francisco
Los Angeles
Phoenix
Chicago
Dallas
Minneapolis
New York

c) Due to the amount of business channelled or influenced through the trade it is imperative that the trade be aware of B.C. and promote the product. The success the province has in the group tour business clearly shows trade awareness of British Columbia can lead to volume increases.

d) Increase B.C. cruise conversion with advent of better air connections and increased cruise capacity through Vancouver. It is estimated that currently only 20% of cruise passengers overnight in the province.

e) Research Priorities

Awareness of exchange rate and its effect on purchase intent
Tracking of Programs
Usage and attitude studies

f) Continue to work with industry in developing business market. With better air connections this important segment should continue to grow.

3. Forecast For Coming Year

- Based on expected economic conditions for 1995 and based on duplicating 1994 efforts, the NALH visitor volume is expected to grow by 8.0%.

Importance by Submarket of NALH Visitors to B. C.

	1991	1992	1993	1994	1995 forecast
Ontario	723000	687000	680000	715000	771000
% growth	-10	-6	-1	+5	+10
Other Canada	211000	209000	209000	232000	241000
% growth	-2	-1	0	+5	+4
California	615000	614000	618000	655000	707000
% growth	+3	0	+1	+6	+8
Other U.S.	1089000	1086000	1094000	1160000	1264000
% growth	+3	0	+1	+6	+9
Mexico	19000	19000	21000	22000	23000
% growth	+11	0	+10	0	+5
NALH	2657000	2615000	2622000	2,784,000	3,007,000
% growth	-2	-2	0	+6	+8

source: Research and Economic Analysis Unit Volume and Revenue Estimates 1994

- Based on current and expected economic conditions, the U.S. total travel and U.S. travel to Canada is expected to grow by 3.5% and 4.0% respectively in 1995.

North America Travel

	1991	1992	1993	1994 (est.)	1995 (est.)
Canadian LH Travel % growth	n/a	n/a	n/a	n/a	n/a
US Total Travel % growth	-.5	+8.5	0	4.0	3.5
US Travel to Can. % growth	-2	-1.5	1.5	4.0	4.0

Source: Statistics Canada, 1993 Travel Report, USTDC

- It is expected that B. C.'s share of NALH travel will out perform the market.

- Capacity
  - The number of incremental airline seats resulting from the Open Skies Agreement on an annual basis originating from the NALH will be 950,000 seats. However, it is important to note that not all of the new flights will be running from the beginning of the year and a proportion of the seats will be utilized by outbound traffic.
  - In 1996 approval will be provided to six airlines for twelve new flights and in 1997 there will be total open skies.
  - In 1995 an estimated 600,000 passengers will pass through Vancouver to take an Alaska cruise and in 1997 capacity is expected to increase to 700,000.

4. Marketing Objectives and Strategies

a. Objectives

Tourism B. C.'s overall objective is to reach revenues of $9.9 billion by the end of 1999, which necessitates a significant increase in share from all business units.

For the NALH, the long term objective is to increase the number of visitors and revenue by 64% between 1994 and 1999. For 1995, the objective is to increase volume and revenue by 8%.

	1994	1995	1996	1997	1998	1999
World-wide						
Visitors (000s)	25,647	27,638	30,184	33,131	36,227	39,585
% growth	+4.50	+7.76	+9.2	+9.76	+9.34	+9.27
Revenues ($m)	6,314	6,825	7,475	8,229	9,033	9,900
% growth	+7.98	+8.09	+9.52	+10.09	+9.77	+9.60
NALH						
Visitors (000s)	2,784	3,007	3,277	3,605	3,966	4,362
% growth	+6	+8	+9	+10	+10	+10
Revenues ($m)	1,268	1,369	1,493	1,642	1,806	1,984
% growth	+8	+8	+9	+10	+10	+10
NALH Share						
Of Total Visitors	10.9	10.9	10.9	10.9	10.9	11.0
Of Total Revenues	20.1	20.1	20.0	20.0	20.0	20.0

Assumptions:
Visitor volume and revenues expected to grow at same rate.

b. Business Strategy

- Positioning (Consumer and Trade): B. C. is clean, green and pristine and offers a wide range of supernatural outdoor and city experiences. This same basic stance will be communicated for all consumer, trade and co-op efforts.

- Target Markets:
  - ⇒ *Leisure Travellers* - Empty nesters 35 years of age and older with higher incomes in air access cities.

⇒ *Product Specific* - Above demographic profile that golf, ski, etc.
⇒ *Travel trade* - Wholesale, Retail, Group Tours & M&IT - primarily in air access cities.

- Effort Priorities:

The major priority for the NALH is the California submarket open sky cities including San Francisco and Los Angeles. Based on capacity and demographic factors, it is recommended that promotional efforts be directed at other open sky cities in the following order of priority; Phoenix, Chicago, Dallas, Minneapolis and New York.

Focus will be on creating awareness with both the consumer and the travel trade. Programs will encourage trial and continuity of purchase by offering packages included with a strong call to action.

Leverage will be maximized with strategic partnerships with the Federal government, other western provinces, industry and airlines

Other priorities include increasing cruise conversion, continuing development of the business market and finding out more about the NALH consumer.

5. Marketing Substrategies and Plans

a. Product

- Strategy: Product will be consistent with the NALH basic stance. Strong consideration must be provided for co-ordinating NALH demand with seasonal and regional supply.
- Plan: Work with industry partners to achieve optimal load factors throughout the year and in all areas of the Province.

b. Packaging

- Strategy: Packages will be consistent with the NALH basic stance and be offered in open sky cities. Where possible there should be a consistent call to action taking into consideration the needs of different players in the distribution channel.
- Plan: Generic packages will include general touring/sightseeing packaged tours and product specific packages will emphasize the respective activity. Where

possible, packages should be offered to encourage consumers to try product that is not only contained in the Vancouver-Victoria-Whistler corridor.

c. Consumer Promotion

- Strategy: Target specific markets to either generate trial or encourage continuity of purchase.
- Plan: Utilize the Discover British Columbia database for targeted direct mailing. Utilize vertical mailing lists for product specific promotions.

d. Consumer Advertising

- Priority will be California with air connections and then other new open sky cities. The focus of effort will be to build awareness and generate trial in these markets. Due to limited budgets for this activity, funds will be leveraged by seeking out partnerships with industry, the federal government and airlines with routes to British Columbia. Any media spending will be supported with either product and/or trade programs and will include a call to action.

e. Public Relations

- Strategy: Utilize this vital activity to build awareness in Open Sky markets.
- Plan: Utilize both ministry and external resources to continue to secure editorial and placement with a dedicated local event and media blitz.

f. Trade Promotion

- Strategy: Maximize awareness with U.S. travel trade and ensure B.C. is promoted and sold by the NALH trade.
- Plan: Continue to network and build relationships with the trade by participating in appropriate trade shows, conducting fam tours and other activities. Conduct trade blitz's in Open Sky Cities with airline sales staff, tour operators and travel agents.
-

g. Consumer Sales

- No direct to consumer sales effort is proposed for the NALH business unit.

h. Research

i. Consumer

- Strategy: Obtain a better understanding of the NALH consumer.
- Plan: Research the motivating factors for NALH travellers including the effect of the exchange rate on purchase intent.

ii. Program Evaluation

- Strategy: Track all NALH programs for a clear understanding of performance relative to planned goals..
- Plan: Set up an evaluation framework for each program..

i. Head Office & Los Angeles Administration, Misc. Travel, and General Activities

6. Exhibits

Exhibit 1 -- Budget
Exhibit II - Acuvity Schedule

Situation Analysis -- North America Long Haul

A. Conclusions/Indicated Actions

a) A study conducted in California shows a clear correlation between awareness and purchase intent, and that product trial can lead to continuity of purchase. With the increased air access from the United States to Vancouver, it is now currently an opportune time to capatalize on this correlation. A full scale program with strategic partnerships would create sufficient critical mass to properly compete in these markets. It is in the interest of all levels of government, industry, the trade and airlines, to build business in cities with air access.

b) An additional 950,000 annual airline seats are being added for a total capacity from the U.S., in 1995, of 1.55 Million seats. Based on capacity and demographic factors, promotional efforts targeted at open sky cities should be considered in the following order of priority:

San Francisco
Los Angeles
Phoenix
Chicago
Dallas
Minneapolis
New York

c) Due to the amount of business channeled or influenced through the trade it is imperative that the trade be aware of B.C. and promote the product. The success the province has in the group tour business clearly shows trade awareness of British Columbia can lead to volume increases.

d) Increase B.C. cruise conversion with advent of better air connections and increased cruise capacity through Vancouver. It is estimated that currently only 20% of cruise passengers overnight in the province.

e) Research Priorities

Awareness of exchange rate and its effect on purchase intent
Tracking of Programs
Usage and attitude studies

f) Continue to work with industry in developing business market. With better air connections this important segment should continue to grow.

B. The Market

- The North America Long Haul (NALH) represents 11% of total over night volume for British Columbia and 20% of revenue.
- Ontario and California are the two most important sub markets, accounting for 26% and 24% of visitation respectively.
- Mexico accounts for approximately 1% of visitation for the NALH.
- Between 1991 and 1993 NALH growth was similar to annual changes that occurred with the U.S. travel to Canada market. However, it did not keep pace with the total U.S. travel market during the same period.

Long Haul Visitation Growth by Submarket (000)

Submarket	1991	% Chg.	1992	% Chg.	1993	% Chg.	1994	% Chg.
Ontario	723	-10%	687	-6%	680	-1%	715	5.0%
Other Canada	211	-2%	209	-1%	209	0%	232	5.0%
California	615	3%	614	0%	618	1%	655	6.0%
Other U.S.	1,089	3%	1,086	0%	1,094	1%	1160	6.0%
Mexico	19	11%	19	0%	21	10%	22	0.0%
Total	**2,657**	**-2%**	**2,615**	**-2%**	**2,622**	**0%**	**2,784**	**6%**
Long Haul Market								
Canadian LH Travel		n/a		n/a		n/a		n/a
U.S. Total Travel		-.5%		8.5%		0%		4% Est
U.S. Travel to Can.		-2.0%		-1.5%		1.5%		4.0%

Source: Ministry Statistics, Statistics Canada, 1993 Travel Report, USTDC

Advertising

- Advertising in the U.S. marketplace to the tourism consumer is a large business and is competitive. A method commonly used to measure relative levels of advertising in the marketplace is to examine "Share of Voice" (sov), or each destinations share of the total amount spent on advertising.. The following table provides a comparison of British Columbia's sov relative to competing tourism destinations in the United States market.
- Total 1993 media expenditures by tourism destinations in the U.S. was $241 million.
- Ontario increased its spending by 28% in 1993 and had the highest Canadian sov at 1.97%.
- In 1993 British Columbia spent approximately $250,000 in advertising in the NALH and had an extremely low sov of .11%, This amount is in comparison to a budget of approximately $3 Million in the late 1980's and early 1990's

Advertising Share of Voice in U.S. by destination

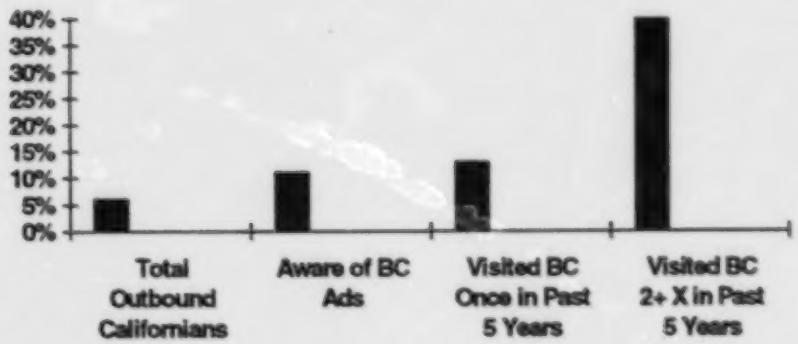
State/Province	1992 Media $ Million	1993 Media $ Million	% Change	1993 U.S. Share Of Voice
California	445	3,319	645.8%	1.4%
Florida	4,367	5,224	19.6%	2.2%
Texas	4,320	6,061	40.3%	2.5%
Oregon	1,478	798	-46.0%	0.3%
Alaska	2,404	2,982	24.0%	1.2%
Balance of U.S. States	61,766	54,042	-12.5%	22.5%
U.S.. Cities	77,994	89,000	14.1%	37.1%
British Columbia	533	257	-51.8%	0.1%
Ontario	3,696	4,731	28.0%	2.0%
Newfoundland	691	1,108	60.3%	0.5%
Other Canadian Provinces	5,444	5,000	-8.2%	2.1%
Mexico	14,933	13,039	-12.7%	5.4%
Canada	8,564	6,196	-27.7%	2.6%
Australia	4,872	2,499	-48.7%	1.0%
All Others Countries	45,183	42,422	-6.1%	17.7%
Other Cities	4,011	3,175	-20.8%	1.3%
TOTAL	**240,701**	**239,853**	**-0.4%**	**100.0%**

Source: Ogilvy & Mather

Awareness

- Given that British Columbia has a .11% share of voice of the $241 million spent by destinations for media in the U.S., and that the province's advertising expenditure has declined substantially in recent years, there is certainly a large concern on the implications this has for awareness of the province as a tourism destination in the NALH.
- There have been a number of research studies in the past few years that have tracked awareness and purchase intent of British Columbia as a travel destination in California, the most important U.S. long haul state. One study conducted in December of 1993, involved telephone interviews with 2505 California outbound travellers (travelled outside the state in the past three years or intended to in the next two years).
- The study measured awareness of B.C. advertising, purchase intent, product trial and repurchase and examined any correlation's. Respondents were asked if they were likely to visit B.C. in the next year. The following graph shows the percentage of respondents that answered definitely will, or very likely:

- 6% of the total 2505 Californian travelers responded they were likely to visit B.C. in the next year. This number nearly doubles to 11% among Californians who had seen or heard an advertisement (aided & unaided) for B.C. Expected visitation increases to 13% among those residents who had visited the province once in the past year and increases to 40% among California's who have visited the province twice or more in the past 5 years.
- This following graph illustrates that visitation can increase by building awareness and once trial occurs, there is a desire by the California consumer to repurchase the B.C. product. Consequently, there is potential for a clear return on investment for effective consumer media spending.



Source: Angus Reid Group, Inc., B.C. California Reanalysis, Dec., 1993.

Capacity

Air Bilaterals

- The Air Bilaterals agreement signed at the end of February is expected to result in one million more passengers passing annually through Vancouver International Airport (YVR). Considering both existing routes and new open sky routes, Los Angeles(359,916) and San Francisco(359,204) will by far have the largest number of airline seats available to B.C. After these two locations other cities in order of capacity are Chicago(171,236), Phoenix(157,708), Dallas(133,856) and Minneapolis(103,952).
- In year one 6 airlines have been granted 12 new flights which consist of new routes from Phoenix, Dallas, New York, Houston, Minneapolis, Reno and San Francisco.
- A further 6 airlines will be granted 12 new flights in year two and there will be no restrictions to Vancouver in year three.

Cruise Line Capacity

- In 1995 an estimated 600,000 passengers will pass through Vancouver to take an Alaska cruise.
- Capacity is expected to increase to 700,000 passengers in 1996 on 29 different ships. Crystal Cruise Lines are planning to enter the market this year, in addition to 5 new ships from Royal Caribbean Cruise Line, Holland America/Westours and Regency Cruise Lines.

C. The Consumer

- B.C. is clearly higher developed in the pleasure category, with an index of 155 with Canadian travelers and index of 178 for American travelers.
- Considering that B.C. is underdeveloped in the high revenue business segment, there may be an opportunity to try and expand this category, particularly in the Canadian long haul.
- According to Visitor 89, respondents that indicated the primary reason for their trip was pleasure indicated that touring was their major activity. Much less important in order of priority was resort vacation, outdoor/wilderness vacation and city trip.

Canadian Purpose of Travel Within Canada and B.C.

	All Canadians within Canada	L.H. Canadians to B.C.	Index
Pleasure/Other	22%	34%	155
VFR	36%	41%	114
Business/Convention	42%	25%	60

American Purpose of Travel Within the U.S. and B.C.

	All Americans within Canada	L.H. Americans to B.C.	Index
Pleasure/Other	41%	73%	178
VFR	33%	21%	64
Business/Convention	26%	6%	23

Source Visitor 89, U.S.TDC, CTS

Profile of Potential British Columbia Visitors From California

- Considering the importance of the California sub market, a demographic breakdown comparing the total California traveller relative to the likely British Columbia traveller is included below:
- Utilizing the following demographic results, it is apparent that likely visitors from California primarily includes individuals 35 and older who tend to be empty nesters, higher educated and have higher incomes.

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Demographics of Likely California Visitors

	Total Outbound Californians(2505) %	In Next Year Intend to visit B.C. (169) %	Index
AGE			
18-34	36%	25%	69
35-54	43%	45%	105
55+	20%	30%	150
H.H. COMPOSITION			
Kids at home	42%	28%	67
No children	58%	72%	124
H.H. INCOME			
$30-$39,999	21%	15%	71
$40-$79,999	52%	50%	96
$80,000+	26%	35%	135
EDUCATION			
Tech school or less	21%	13%	62
Some college	32%	26%	81
Completed college	47%	60%	128

Source Angus Reid Group Inc., B.C. California Reanalysis, December, 1993

Demographic Profiles of Air Access Cities

- For comparison purposes, the chart below lists some key information by open sky city as it relates to population, and target market implications such as percentage of population 35 years of age and older, percentage of households with a population with a higher income and percentage of the population that have a high school or higher level of education.

Open Sky Demographic Profile

City	Population	% of Pop > 35yrs old	% of Inc.> $40K	% High School+
San Francisco	6,250,000*	73.8	41.7	75.2
Los Angeles	8,863,164	41.6	43.7	68.8
Phoenix	2,399,600	42.2	38.0Est	80.0
Chicago	7,261,176	45.1	n/a	n/a
Dallas	n/a	n/a	n/a	n/a
Minneapolis	2,464,124	41.6	28.0Est	82.6
New York	8,546,846	48.6	40.2	54.3

* Population includes surrounding area but specific statistics only include metropolitan area.

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New York	8,546,846	48.6	40.2	54.3

* Population includes surrounding area but specific statistics only include metropolitan area.

D. The Trade

- British Columbia's 16.5% share of the North America scheduled group market is widely attributed to the positive impact of Expo 86. Tour operators recognized the province's appeal to their clients and realized that programs to British Columbia would continue to sell after the fair. This is further evidence that once the British Columbia product is tried, consumers will continue to purchase the product.
- It is important to note that British Columbia's share of total North America group tour passenger days and revenue is 7.6% and 9.6% respectively, compared with 16.5% share of passenger volume. If British Columbia's revenue per passenger could be increased to the North America average, an incremental $400.0 million of revenue would be generated for the Province.

Scheduled Group Travel:

North America Group Tour Volume and Share of Market

Volume of Passengers						
Destination	1990 (000)	1991 (000)	% Chg	1992 (000)	% Chg	1992 Share of Mkt. %
Florida	1,154	1,242	7.6%	1,408	13.4%	11.4%
California	1,355	1,395	2.9%	1,516	8.7%	12.3%
Alaska	292	333	14.2%	381	14.4%	3.1%
Alberta	531	541	1.9%	551	2.0%	4.5%
BC	**1,772**	**1,807**	**2.0%**	**2,038**	**12.8%**	**16.5%**
Total	11,254	11364	1.0%	12,331	8.5%	100.0%

Source: SEA Tourism and Travel Research

- In 1993 Princess Lines gained the highest Alaska cruise capacity with 41.1%, and in conjunction with Holland America, account for 74.6% of capacity.
- 96% of cruise capacity is sold through retail travel agents and 15% of agencies account for 75% of the cruise line business.
- Cruise Lines trade journals have requested information on B.C., which provides a great opportunity to capitalize on unpaid media targeted directly at the cruise consumer.

Alaska Capacity By Cruise Line

CRUISE LINE	1991	1992	1993
Princess	24.9%	34.4%	41.1%
Holland America	42.8%	38.5%	35.5%
Costa	3.5%	6.6%	7.5%
Royal Caribbean	7.5%	6.1%	7.4%
Regency	8.7%	2.4%	5.8%
World Explorer	2.7%	2.4%	2.0%
Other	9.9%	9.6%	2.7%
Total	**100%**	**100%**	**100%**

Source: Alaska Cruise Industry Benefits to Canada, 1994

9. BUSINESS UNIT PLAN:

EUROPE

STRATEGIC PLAN

Europe

1. Plan Summary

The objectives are to achieve a 12% volume and revenue increase for 1995/96 and to set plans to achieve a further 13% increase in 1996/97 -- this delay in results is due to the time required to work through the trade to reach the consumer.

	1993	1994 Actual	1995 Plan	% change (vs. 1994)
Volume	375,000	426,000	477,000	+12.0
Revenue ($millions)	210	248	278	+12.0
Market Share	1.4	1.7	1.7	

2. Past Year Business Review

a. Key Lessons Learned/Business Opportunities

i. U. K.: The new staff in the U. K. is now set up from an administrative point of view but there is a need to free up the sales manager's time to pro-actively pursue volume-generating activities.

ii. U. K.: A need has been identified for a cost-effective method of responding to consumer enquiries -- such as small brochures that are inexpensive to produce, that can be customised for the local market, and inexpensive to mail.

iii. Germany: Activities in Germany this current year produced good results. However, without a sales representative in this important market, they are difficult to coordinate.

iv. Germany: The ski market in Germany responded well to specific ski initiatives, resulting in a 22% increase for the November/December 1994 period (versus the same period a year ago), which is almost double the growth for the 1994 year.

v. France: Despite the low volumes to B. C. from France, French visitors have increased by 29% in 1994 and, because of their previous experience with Canada, they may be easily converted to visiting B. C. such that volumes from France could increase substantially. A better understanding of this market is needed.

3. Forecast For Coming Year

- Based on expected economic conditions for 1995, and, based on duplicating 1994 efforts, the European visitor volume is expected to grow by 6.6%.

Importance By Country of European Visitors to B. C.

	1989	1990	1991	1992	1993	1994	1995 forecast
U. K./Ireland	123,809	127,416	136,855	135,576	146,656	172,905	186,375
% growth	n/a	+2.9	+7.4	-0.9	+8.2	+17.8	+7.8
U. K.	121,592	125,093	134,901	133,393	144,345	168,382	181,853
Ireland	2,217	2,323	1,954	2,183	2,312	4,522	4,522
Germany/Austria/ Switzerland	97,774	97,688	110,445	122,546	145,251	160,018	172,088
% growth	n/a	-0.1	+13.1	+11.0	+18.5	+10.2	+7.5
Germany	77,785	76,027	88,233	97,073	117,566	131,746	142,286
Austria	6,011	6,080	6,262	8,705	8,802	8,970	9,149
Switzerland	13,978	15,581	15,951	16,767	18,884	19,302	20,653
France/Belgium	13,704	15,022	16,613	16,503	17,436	21,712	23,015
% growth	n/a	+9.6	+10.6	-0.7	+5.7	+24.5	+6.0
France	11,115	12,574	14,298	13,568	13,605	17,557	18,610
Belgium	2,589	2,448	2,315	2,934	3,832	4,155	4,405
Netherlands	20,455	17,647	18,627	20,571	21,850	24,640	26,365
% growth	n/a	-13.7	+5.6	+10.4	+6.2	+12.8	+7.0
Italy	6,124	6,641	7,819	8,714	9,262	9,409	9,786
% growth	n/a	+8.4	+17.7	+11.4	+6.3	+1.6	+4.0
Spain	2,498	2,939	3,757	4,094	4,133	3,940	1970
% growth	n/a	+17.7	+27.8	+9.0	+1.0	-4.7	-50
Other	33,784	31,293	29,711	31,526	30,572	33,455	34,793
% growth	n/a	-7.4	-5.1	+6.1	-3.0	+9.4	+4.0
Europe	298,148	298,646	323,827	339,530	375,161	426,080	454,393
% growth	n/a	+0.2	+8.4	+4.8	+10.5	+13.6	+6.6

Source: Statistics Canada Direct entries as converted to visitors by REAU.
Notes: The measure used is a direct count of entries to the province, and is not based on a sample survey .

- Based on current and expected economic conditions, the European outbound market is expected to grow by 5% in 1995.

All European Long-Haul Travel (000s)

	1991	1992	1993	1994 (est)	1995 (est)
From Europe	20,231	22,720	23,856	25,168	26,426
% growth	n/a	+12.3	+5.0	+5.5	+5.0
From U. K.	6,759	7,435	7,665	8,125	8,491
% growth	n/a	+10.0	+3.1	+6.0	+4.5
From Germany	3,552	4,373	4,587	4,885	5,203
% growth	n/a	+23.1	+4.9	+6.5	+6.5
From France	3,265	3,791	3,829	4,001	4,201
% growth	n/a	+16.1	+1.0	+4.5	+5.0
From Italy	1,609	2,031	1,990	2,070	2,142
% growth	n/a	+26.2	-2.0	+4.0	+3.5
From Netherlands	1,086	1,153	1,168	1,209	1,257
% growth	n/a	+6.2	+1.3	+3.5	+4.0
From Switzerland	1,001	1,110	1,131	1,182	1,235
% growth	n/a	+10.9	+1.9	+4.5	+4.5
Other Europe	2,959	2,827	3,486	3,769	3,897
% growth	n/a	-4.5	+23.3	+8.0	+3.5

Source: World Tourism Organization and Ministry estimates

- It is expected that B. C.'s share of all European outbound travel grew in 1994 and that it will remain flat in 1995 if we continue to act as in 1994.

B. C.'s Share of All European Long-Haul Travel

	1991	1992	1993	1994 (est)	1995 (est)
From Europe	1.4	1.3	1.4	1.7	1.7
From U. K.	1.8	1.6	1.7	2.1	2.1
From Germany	2.2	2.0	2.3	2.7	2.7
From France	0.4	0.3	0.3	0.4	0.4
From Italy	0.4	0.4	0.4	0.5	0.5
From Netherlands	1.5	1.6	1.6	2.0	2.1
From Switzerland	1.4	1.4	1.5	1.6	1.7
Other Europe	1.3	2.1	1.2	0.9	0.9

Source: World Tourism Organization for Outbound Travel; Statistics Canada Direct Entry Counts.

- Capacity
  - The number of seats on direct flights from the U. K. is not expected to increase in 1995.
  - The number of seats on direct flights from Germany is expected to increase in 1995.
  - For the U. K. and Germany, there have been increases in the number of seats on flights to Toronto and Calgary, which supports growing numbers of visitors.
  - There will be new direct air access from France in 1995.

4. Marketing Objectives and Strategies

a. Objectives

Tourism B. C.'s overall objective is to reach revenues of $9.9 billion by the end of 1999, which necessitates a significant increase in share from all business units.

For the Europe business unit, which is growing at a slightly greater rate than other business units, this means that the percentage of European visitors and revenue from these visitors will increase over time.

Specifically, the long term goal is to increase the number of visitors and revenue from Europe by 83% between 1994 and 1999. For 1995, the goal is to achieve 12% growth, which is more than double the market growth of total European outbound travel.

	1994	1995	1996	1997	1998	1999
World-wide						
Visitors (000s)	25,647	27,638	30,184	33,131	36,227	39,585
% growth	+5.05	+7.76	+9.21	+19.76	+9.34	+9.27
Revenues ($m)	6,314	6,825	7,475	8,229	9,033	9,900
% growth	+8.51	+8.09	+9.52	+10.09	+9.77	+9.60
Europe						
Visitors (000s)	426	477	539	609	688	778
% growth	+13.60	+12.0	+13.0	+13.0	+13.0	+13.0
Revenues ($m)	248	278	314	355	401	453
% growth	+18.10	+12.0	+13.0	+13.0	+13.0	+13.0
Europe Share						
Total Visitors	1.7	1.7	1.8	1.8	1.9	2.0
Total Revenues	3.9	4.1	4.2	4.3	4.4	4.6
Share of European Outbound	1.7	1.8	n/a	n/a	n/a	n/a

Assumptions:
Visitor volume and revenues expected to grow at same rate.
These Operations Plan activities will not be felt in the B.C. market until 1996/97.

b. Business Strategy

- Effort Priorities: The countries, in order of priority, are: the U. K. and Germany, then France and then the Netherlands and Italy. For all major European countries, a better understanding of consumers, how they travel, and the relationship of the trade to their travel is needed.

i. The U. K.

- Positioning (Consumer and Trade): B. C. offers a wide variety of outstanding nature experiences.
- Target Market: Higher income consumers who are 45 years of age and older. The travel trade.
- Effort Priorities: Because the U. K. is a developing market for B. C., the primary effort priority should be on the high season months between May and September, recognizing the need to control capacity in these months.

ii. Germany

- Positioning (Consumer and Trade): B. C. offers a wide variety of outstanding nature experiences.
- Target Market: Higher income consumers between 25 and 34 and those 45 and older. The travel trade.
- Effort Priorities: The primary effort priority should be on the high season months between May and September. A secondary priority should be on the ski product (January to March 1994 experienced an increase of 53% versus the same period the year before, as compared to a 12% increase for the year -- in direct entries.)

iii. France

- Effort Priorities: The primary effort priority should be on a better understanding of the consumers and whether their travel to Quebec can be parlayed into travel to B. C.

iv. The Netherlands/Italy

- Effort Priorities: The primary effort priority should be on a better understanding of the consumers

5. Marketing Substrategies and Plans

a. Product

- Strategy: Ensure that local capacity exists to support the concentration of effort of European visitors during the high season.
- Plan: Educate accommodation properties, primarily in the core Vancouver/Victoria/Whistler areas about the importance of these visitors in the summer months.

b. Packaging

- Strategy: Using the specified target groups and the listing analysis as guides, package tours will reflect the needs of the specific consumers in each country.
- Plan: Overall, general touring/sightseeing packaged tours will be the focus of effort, with ski packages for the Germany market.

c. Consumer Promotion

i. The U. K.

- Strategy: A relatively inexpensive and flexible method of providing consumer information is needed as the interest in B. C. grows in these markets where B. C. has a fulfilment mechanism.
- Plan: A good image bank with updated images that are appropriate for the European market is needed. The intent is to allow each country to customize small brochures with the appropriate words and image selection. This project will be embarked on by the U. K. market initially, and will expand to the German market in the future.

d. Consumer Advertising

- No consumer advertising efforts are proposed for the Europe business unit. However, every effort should be made to utilize CTC and industry funding, with the priority markets being the U. K. and Germany.

e. Public Relations

- Strategy: Support the trade efforts with building consumer awareness of the B.C. product at minimal cost.
- Plan: Aggressively and actively solicit editorial and placement in entertainment media as affordable. This activity should be monitored to determine its applicability for other markets.

f. Trade Promotion

i. The U. K. Tour Agency Catalogues

- Strategy: Ensure that B. C. obtains a growing percentage of days within Canada tours and a growing number of tours to facilitate the target growth rates.
- Plan: Support travel agency catalogues. Use the listing analyses that are to be completed by March 31, 1995 as a basis for measurement.

ii. Germany Sales Representative

- Strategy: Establish a presence in Germany to better influence the trade to achieve the aggressive growth targets.
- Plan: Hire a sales representative in Germany.

iii. Other Trade Activities

- Strategy: Continue to build B.C.'s presence in other European trade activity.
- Plan: For those trade shows that are judged to be effective, continue to build upon previous participation.

g. Consumer Sales

- No direct to consumer sales effort is proposed for the Europe business unit.

h. Research

i. The U. K. and Germany: Competitive Research

- Strategy: Obtain a better understanding of the competitive marketplace in the U. K. and Germany.
- Plan: Purchase research on competitive advertising spending and collect examples of competitive advertising.

ii. The U. K., Germany, France, the Netherlands, and Italy: Consumer Research

- Strategy: Obtain a better understanding of the outbound traveller in these markets.
- Plan: Purchase research on outbound traveller behaviour for each of these markets.

iii. The U. K. and Germany: Listing Analyses

- Strategy: Evaluate success with the trade.
- Plan: Continue with listing analyses in these markets.

Situation Analysis -- Europe

A. Conclusions/Indicated Actions

1. The most important markets in Europe for B. C. are the U.K. and Germany.

2. The growth potential from the European markets is strong, as the European economies recover from the recession. Because B. C. holds such a small share of the market, this share should be able to grow substantially. However, the growth of total outbound travel is not expected to be as high as from the Asian markets. Rather, B. C. will need to take share away from its competitors to contribute to achieving the aggressive growth target of $9.9 billion by 1999.

3. European visitors are high revenue-generating visitors compared to closer markets.

4. Because a large majority of European travel is package tours through the travel trade, it is imperative that B. C.'s relationships and presence in their selling tools are strong.

5. Because a growing percentage of European travel is now independent travel, it is important that consumer awareness of B. C. as a travel destination is supported, particularly in the key markets of the U. K. and Germany.

B. The Market

- European visitors make up 1.7% of all visitors to B. C., but 3.9% of revenues.
- Of all European countries, the most important ones to B. C. are the U.K. and Germany.
- Average annual growth from Europe has been 8.6%, with a 13.6% increase experienced in 1994.

Importance By Country of European Visitors to B. C.

	1989	1990	1991	1992	1993	1994	% share	% change 1989-1994
U. K./Ireland	123,809	127,416	136,855	135,576	146,656	172,905	40.6	39.7
U. K.	121,592	125,093	134,901	133,393	144,345	168,382	39.5	38.5
Ireland	2,217	2,323	1,954	2,183	2,312	4,522	1.1	103.9
Germany/Austria/ Switzerland	97,774	97,688	110,445	122,546	145,251	160,018	37.6	63.7
Germany	77,785	76,027	88,233	97,073	117,566	131,746	30.9	69.4
Austria	6,011	6,080	6,262	8,705	8,802	8,970	2.1	49.2
Switzerland	13,978	15,581	15,951	16,767	18,884	19,302	4.5	38.1
France/Belgium	13,704	15,022	16,613	16,503	17,436	21,712	5.1	58.4
France	11,115	12,574	14,298	13,568	13,605	17,557	4.1	58.0
Belgium	2,589	2,448	2,315	2,934	3,832	4,155	1.0	60.5
Netherlands	20,455	17,647	18,627	20,571	21,850	24,640	5.8	20.5
Italy	6,124	6,641	7,819	8,714	9,262	9,409	2.2	53.6
Spain	2,498	2,939	3,757	4,094	4,133	3,940	0.9	57.7
Other	33,784	31,293	29,711	31,526	30,572	33,455	7.9	-1.0
Europe	298,148	298,646	323,827	339,530	375,161	426,080	100.0	42.9
Annual Growth %	n/a	+0.2	+8.4	+4.8	+10.5	+13.6		

Source: Statistics Canada Direct entries as converted to visitors by REAU.
Notes: The measure used is a direct count of entries to the province, and is not based on a sample survey.

- Europeans made almost 24 million trips outside of Europe in 1993, an increase of 18% between 1991 and 1993.
- The countries with the greatest numbers of outbound travellers are, in descending order of importance, the U. K., Germany, and France.

All European Long-Haul Travel

	1991 Volume (000's)	1992 Volume (000's)	1993 Volume (000's)	% Change (1991-1993)
From Europe	20,231	22,720	23,856	18%
From U. K.	6,759	7,435	7,665	13%
From Germany	3,552	4,373	4,587	29%
From France	3,265	3,791	3,829	17%
From Italy	1,609	2,031	1,990	24%
From Netherlands	1,086	1,153	1,168	8%
From Switzerland	1,001	1,110	1,131	13%
Other Europe	2,959	2,827	3,486	18%

Source: World Tourism Organization

- European travel to B. C. increased by 16% between 1991 and 1993, a lower growth rate than for total long-haul travel, indicating that B. C. is losing share.
- While the U. K., Germany, and France were the most important countries with regard to long-haul travel, the U. K. and Germany are, by far, the most important countries to B. C.
- France is fifth in importance to B. C. in terms of visitors, however, it is third in importance to Canada, indicating a large potential market for B. C. of visitors who are already familiar with the Canadian experience.
- In 1994, European travel to B. C. experienced growth of 13.6%, which is the highest growth rate in the last few years. This growth has been driven by the U. K. (+16.7), Germany (+12.1%), France (+29.0%), and the Netherlands (+12.8%).

European Long-Haul Travel to B. C. (000s)

	1991 Volume	1992 Volume	1993 Volume	% Change (1991-1993)
From Europe	285	299	330	16%
From U. K.	119	117	127	7%
From Germany	78	86	104	33%
From France	13	12	12	-8%
From Italy	7	8	8	14%
From Netherlands	16	18	19	19%
From Switzerland	14	15	17	21%
Other Europe*	38	58	43	13%

Source: Statistics Canada Direct Entry Counts

*Note: In 1993, "other" included 8,000 from Austria, 4,000 from Spain, 3,000 from Belgium, 5,000 from Denmark, 2,000 from Finland, and 2,000 from Ireland. In order to compare B. C.'s share of the European market, the numbers in this table have been left in their unadjusted direct entry form rather than being converted to visitors.

- Not only is B. C. losing market share, it represents a very small share of total long-haul travel -- from less than 1% to 2.3%.

B. C.'s Share of All European Long-Haul Travel

	1991	1992	1993
From Europe	1.4	1.3	1.4
From U. K.	1.8	1.6	1.7
From Germany	2.2	2.0	2.3
From France	0.4	0.3	0.3
From Italy	0.4	0.4	0.4
From Netherlands	1.5	1.6	1.6
From Switzerland	1.4	1.4	1.5
Other Europe	1.3	2.1	1.2

Source: World Tourism Organization for Outbound Travel; Statistics Canada Direct Entry Counts.

C. The Consumer

- International visitors stay 45% longer in B. C. than the total and they spend 9% more per day than the average, resulting in a trip expenditure that is 57% higher -- clearly desirable visitors.

Trip Characteristics of International Visitors to B. C.

	International Visitors	Total Visitors
Length of stay (nights)	8.4	5.8
Party size (persons)	2.5	2.5
Expenditure/party/day (CDN $)	144.96	133.50
Expenditure/stay (CDN $)	1,217.66	774.30

Source: Visitor '89

- While the average length of stay for a European visitor to Canada is 12.3 days, the Dutch spend the most time here followed by the Swiss and then the Germans.
- In addition to spending a longer period of time in Canada versus the average, the Swiss also spend more per night than the average.
- The Dutch spend the least per night while the British have the lowest expenditures per trip.

Trip Characteristics of European Travellers (1993) to Canada

	Length of Stay (days)	Indexed to ttl. Europe	Amt. Spent per night ($)	Indexed to ttl. Europe	Total Amt. Spent ($)	Indexed to ttl. Europe
Total Europe	12.3	100	70.00	100	861.00	100
Germany	12.6	102	76.42	109	962.89	112
France	11.9	97	80.21	115	954.50	111
United Kingdom	11.5	93	62.55	89	719.33	84
Switzerland	13.2	107	89.00	127	1,174.80	136
Italy	10.5	85	82.00	117	861.00	100
Netherlands	13.8	112	54.00	77	745.20	87

Source: Statistics Canada, International Travel Survey (ITS).
Note: The ITS is based on a sample of visitors to Canada. The expenditure figures should be used as rough guides only.

- The majority of European visitors travel to Ontario.
- Quebec is next popular, followed by B. C.
- Europeans, on average, visit 1.4 provinces with the French visiting the greatest number, and the Dutch and British the fewest.

Comparison of European Travel to B. C. vs Other Parts of Canada (1993)

	% who travel to B. C.	% who travel to Alberta	% who travel to Ontario	% who travel to Quebec	No. of prov. visited	Indexed to total Europe
Total Europe	27.7	16.7	53.4	33.3	1.405	100
Germany	45.4	28.6	44.4	18.5	1.499	107
France	11.2	6.4	48.6	86.7	1.579	112
United Kingdom	30.1	18.7	60.1	14.2	1.336	95
Switzerland	36.2	18.2	42.1	41.6	1.520	108
Italy	21.4	9.4	61.8	44.3	1.445	103
Netherlands	33.7	23.8	52.1	15.0	1.351	96

Source: Statistics Canada, ITS as reported in Catalogue 66-201, annual

10. BUSINESS UNIT PLAN:

ASIA

STRATEGIC PLAN

Asia

1. Plan Summary

The 1995/96 plan has objectives of an 11% increase for 1995/96 and a further 15% increase in 1996/97 -- this delay in results is due to the time required to work through the trade to reach the consumer.

	1993 Actual	1994 Actual	1995 Plan	% change (vs 1994)
Volume	539,400	622,200	703,000	+13.0
Revenue ($ millions)	302	366	414	+13.0
Market Share	1.6	1.9	1.9	

2. Past Year Business Review

a. Key Lessons Learned/Business Opportunities

i. Japan: An effort was made over the last year to generate consumer awareness of the B. C. product through unpaid media. These efforts resulted in media coverage estimated in the millions of dollars.

ii. Japan: The listing analysis that was completed this year provided a frame of reference to evaluate successes with the trade.

iii. Japan: The establishment of the Japan office has given B. C. a higher profile and provided an image of permanency to the Japanese travel trade.

iv. Japan, Australia/New Zealand, Taiwan: Efforts to increase trade awareness and education have resulted in increases in numbers of new tours introduced and a wider range of products being featured.

v. Australia/Taiwan: While the Australia/New Zealand sales representative is shared with Alberta and the Taiwan sales representative is part-time, this local representation provides a resource that needs to be optimised.

vi. Hong Kong: The Hong Kong market has not been targeted in the past so little information is available for this market. A better understanding is needed.

3. Forecast For Coming Year

- Based on expected economic conditions for 1995 and, based on duplicating 1994 efforts, the Asian visitor volume is expected to grow by 6.9%.

Importance by Country of Asian Visitors to B. C.

	1989	1990	1991	1992	1993	1994	1995 forecast
Japan	183,200	213,700	218,500	232,000	250,000	274,200	293,400
% growth	n/a	+16.6	+2.2	+6.2	+7.8	+9.7	+7
Hong Kong	80,900	82,200	77,100	76,000	76,000	80,500	82,100
% growth	n/a	+1.6	-6.2	-1.4	+0.0	+5.9	+2
Australia	61,600	60,600	56,300	58,000	58,000	73,600	75,800
% growth	n/a	-1.6	-7.1	+3.0	+0.0	+26.9	+3
New Zealand	28,700	25,300	20,200	19,100	20,000	21,000	21,800
% growth	n/a	-11.8	-20.2	-5.4	+4.7	+5.0	+4
Taiwan	16,200	22,600	25,700	29,900	35,000	49,900	59,900
% growth	n/a	+39.5	+13.7	+16.3	+17.1	+42.6	+20
Korea	9,200	11,500	13,600	15,000	18,000	36,300	42,800
% growth	n/a	+25.0	+18.3	+10.3	+20.0	+102.0	+18
Other	67,200	68,500	68,600	74,200	82,400	86,700	89,300
% growth	n/a	+1.9	+0.1	+8.2	+11.1	+5.2	+3
Asia/Oceania	447,000	484,400	480,000	504,200	539,400	622,200	665,100
% growth	n/a	+8.4	-0.9	+5.0	+7.0	+15.4	+6.9

source: Research and Economic Analysis Unit Volume and Revenue Estimates 1994

- Based on current and expected economic conditions, the Asian outbound market is expected to grow by 9% in 1995.

Asian Outbound Travel (000s)

	1991	1992	1993	1994 (est)	1995 (est)
Asia *	20,779	23,309	24,543	26,398	28,779
% growth	n/a	+12.2	+5.3	+7.6	+9.0
Japan	10,663	11,791	11,925	12,521	13,273
% growth	n/a	+10.6	+1.1	+5	+6
Hong Kong	2,046	2,233	2,478	2,701	2,944
% growth	n/a	+9.1	+11.0	+9	+9
Australia	2,099	2,276	2,266	2,357	2,427
% growth	n/a	+8.4	-0.4	+4	+3
New Zealand	779	751	800	824	857
% growth	n/a	-3.6	+6.5	+3	+4
Taiwan	3,366	4,215	4,654	5,212	5,994
% growth	n/a	+25.2	+10.4	+12	+15
Korea	1,856	2,043	2,420	2,783	3,284
% growth	n/a	+10.1	+18.5	+15	+18

Source: World Tourism Organization
*Asia is defined as the total of Japan, Australia, Hong Kong, New Zealand, Taiwan and Korea

- It is expected that B. C.'s share of all Asian outbound travel grew in 1994 and that it will remain flat in 1995 if we continue to act as in 1994.

B. C.'s Share of All Asian Outbound Travel

	1991	1992	1993	1994 (est)	1995 (est)
Asia *	1.7	1.6	1.6	2.4	2.3
Japan	1.8	1.7	1.8	2.2	2.2
Hong Kong	3.3	3.0	2.7	2.7	2.8
Australia	2.3	2.2	2.3	3.1	3.1
New Zealand	2.3	2.3	2.1	2.5	2.5
Taiwan	0.7	0.6	0.7	1.0	1.0
Korea	0.6	0.6	0.7	1.3	1.3

Source: World Tourism Organization for outbound travel. Statistics Canada direct entry counts converted to visitors by REAU.
*Asia is defined as the total of Japan, Australia, Hong Kong, New Zealand, Taiwan and Korea

- Capacity
  - The number of seats on direct flights from Japan to Vancouver will grow by 81,500 in 1995 versus 1994, an increase of 28%. In addition,

the number of seats from Japan to the rest of the West Coast of North America will grow by 74,000 seats or 3% in 1995 versus 1994.

- The number of seats on direct flights from Australia is not expected to increase in 1995.
- The number of seats on direct flights from Taiwan is expected to increase in 1995.
- The number of seats on direct flights from Hong Kong is not expected to increase in 1995.
- The number of seats on direct flights from South Korea is not expected to increase in 1995 but there is an increase in the number of seats from South Korea to Seattle.

4. Marketing Objectives and Strategies

a. Objectives

Tourism B. C.'s overall objective is to reach revenues of $9.9 billion by the end of 1999, which necessitates a significant increase in share from all business units.

For the Asia business unit, which is growing at a greater rate than other business units, this means that the percentage of Asian visitors (versus from other business units) will increase over time.

Specifically, the long term goal is to increase the number of visitors and revenue from Asia by 98% between 1994 and 1999. For 1995, the goal is to achieve a 13% growth rate - which is 4% higher than the market.

	1994	1995	1996	1997	1998	1999
World-wide						
Visitors (000s)	25,647	27,636	30,184	33,131	36,227	39,585
% growth	+4.50	+7.76	+9.2	+9.76	+9.34	+9.27
Revenues ($m)	6,314	6,825	7,475	8,222	9,033	9,900
% growth	+7.98	+8.09	+9.52	+10.09	+9.77	+9.60
Asia						
Visitors (000s)	622	703	808	930	1,069	1,229
% growth	+15.4	+13.0	+15.0	+15.0	+15.0	+15.0
Revenues ($m)	366	414	476	547	629	723
% growth	+21.2	+13.0	+15.0	+15.0	+15.0	+15.0
Asia Share						
Of Total Visitors	2.4	2.5	2.7	2.8	2.9	3.1
Of Total Revenues	5.8	6.1	6.4	6.7	7.0	7.3
Share of Asian Outbound						

Assumptions:
Visitor volume and revenues expected to grow at same rate.
These Operations Plan activities will not be felt in the B.C. market until 1996/97..

b. Business Strategy

- Effort Priorities: The countries, in order of priority, are: Japan (first and foremost), then Australia/New Zealand and Taiwan, then Hong Kong and South Korea.

i. Japan

- Positioning (Consumer and Trade): B. C. offers a wide variety of outstanding nature experiences.
- Target Market:
    - Primary: Leisure Travellers: Couples 45 years of age and older with high incomes, who do not travel in group tours. Leisure Travellers: Men and women, 45 years of age and older, who travel in group tours. The travel trade.
    - Secondary: Leisure Travellers: Single women 18 to 44 years of age.
- Effort Priorities: Because Japan is a developing market for B. C., the primary effort priority should be on the high season months between May and September. The secondary priority is the growing ski market in the January to March timeframe. The tertiary priority is the developing shoulder season in the November/December (winter illumination tours) and March/April periods (blossom tours).

ii. Australia/New Zealand

- Positioning (Consumer and Trade): B. C. offers a wide variety of outstanding nature experiences.
- Target Market: Leisure Travellers: Men and women 30 years of age and older, with concentrations in the 40 to 59 age group. The travel trade.
- Effort Priorities: The primary effort priority should be on the high season months between May and September. The secondary priority is the growing ski market in the January to March period.

iii. Taiwan

- Positioning (Consumer and Trade): B. C. offers a wide variety of outstanding nature experiences.
- Target Market: Men and women 30 to 59 years of age. The travel trade.
- Effort Priorities: The primary effort priority should be on the high season months between June and September.

iv. Hong Kong

- Effort Priorities: The primary effort priority should be on a better understanding of the consumers, how they travel, and the relationship of the trade to their travel.

v. **South Korea**

- Effort Priorities: The primary effort priority should be on monitoring the maturing of the outbound travel business with a view to determining whether significant effort will generate sufficient returns.

5. Marketing Substrategies and Plans

a. Product

- Strategy: Ensure that local capacity exists to support the concentration of effort of Asian visitors during the high season.
- Plan: Educate accommodation properties, primarily in the core Vancouver/Victoria/Whistler areas about the importance of these visitors in the summer months. Work with ground operators to help develop a base of language-specific escorts for the Asian market. Educate tourism businesses in the core Vancouver/Victoria/Whistler areas on how to effectively welcome Asian visitors.

b. Packaging

- Strategy: Using the specified target groups and the listing analysis as guides, package tours will reflect the needs of the specific consumers in each country.
- Plan: Overall, general touring/sightseeing packaged tours will be the focus of effort, with ski packages for the Japan and Australia markets.

c. Consumer Promotion

i. **Japan, Australia/New Zealand, Taiwan**

- Strategy: A relatively inexpensive and flexible method of providing consumer information is needed as the interest in B. C. grows in these markets where B. C. has a fulfilment mechanism.
- Plan: A good image bank with updated images that are appropriate for the Asian market is needed. The intent is to allow each country to customize small brochures with the appropriate words and image selection.

d. Consumer Advertising

- No consumer advertising is proposed for the Asia business unit. However, every effort should be made to utilize CTC and industry funding, with the priority market being Japan.

e. Public Relations

i. Japan

- Strategy: Augment the successes of the trade efforts with building consumer awareness of the B. C. product at minimal cost.
- Plan: Aggressively and actively solicit editorial and placement in entertainment media using the newly hired public relations individual. This activity should be monitored to determine its applicability for other markets.

f. Trade Promotion

i. Japan and Australia/New Zealand: Tour Agency Catalogues

- Strategy: Ensure that B. C. obtains a growing percentage of days within Canadian tours and a growing number of tours to facilitate the target growth rates. Priorities are: Japan, then Australia.
- Plan: Support travel agency catalogues. Use the listing analyses as a basis for measurement.

ii. Japan Sales Office

- Strategy: Ensure that B. C.'s presence in the Japan market continues to build.
- Plan: Maintain Japan sales office with full complement of existing staff. Participate in appropriate trade shows, education, trade fam tours, and other activities.

iii. Australia/New Zealand Sales Office

- Strategy: Ensure that B. C.'s presence in the Australia/New Zealand market continues to build.
- Plan: Maintain local sales representation in Australia. Participate in appropriate trade shows, education, trade fam tours, and other activities.

iv. Taiwan Sales Office

- Strategy: Build B. C.'s presence in the Taiwan market.
- Plan: Expand local sales representation in Taiwan. Participate in appropriate trade shows, education, trade fam tours, and other activities.

g. Consumer Sales

- No direct to consumer sales effort is proposed for the Asia business unit.

h. Research

i. Japan Competitive Advertising

- Strategy: Obtain a better understanding of the competitive marketplace in Japan.
- Plan: Purchase research on competitive advertising spending and collect examples of competitive advertising.

ii. Japan Outbound Traveller Behaviour

- Strategy: Continue to learn about the Japanese outbound traveller.
- Plan: Continue to purchase information on outbound traveller usage and attitudes.

iii. Australia/New Zealand, Hong Kong, and Taiwan: Outbound Traveller Behaviour

- Strategy: Obtain a better understanding of the outbound traveller in these markets.
- Plan: Purchase research on outbound traveller behaviour for each of these markets.

iv. Japan, Australia/New Zealand, and Taiwan: Listing Analysis

- Strategy: Evaluate success with the trade.
- Plan: Continue with listing analyses in these markets.

Situation Analysis -- Asia

A. Conclusions/Indicated Actions

1. The primary priority market within Asia is Japan, which has a large and growing outbound market, where B. C. has strong sales representation, good relationships, the ability to build on previous successes, and significantly increased air capacity.

2. Secondary priority markets are Australia/New Zealand and Taiwan. Australia is identified as a priority market based on the number of visitors from that country, based on a higher level of awareness of B. C. as a destination and based on good sales representation in that country, which means that a minimal investment will likely return significant dividends.

   Taiwan is identifed as a priority market based on the number of people who travel outside of Taiwan (which is double the number of outbound travellers from Australia), the large increases in the visitors to B. C., increased air capacity, and sales representation there.

   Historically, Hong Kong has been identified as a VFR and business market only, which is considered difficult to influence. However, more recent information indicates that only 53% of Hong Kong travellers to Canada fall into these two categories. Owing to the development of this market, research is recommended to determine its potential.

   South Korea is considered a tertiary market. Despite a substantial increase in 1994 versus 1993, inherent problems exist in dealings with the trade and the type of travel experience Korean travellers are receiving. Developing markets such as Thailand, Indonesia, Singapore, Malaysia, and China are categorized as markets for monitoring.

3. The potential of travel from the Asian countries is very high, as evidenced by historical growth rates, by the enormous population base whose standard of living is increasing, and by significant increases in airline capacity.

4. Asian consumers are high revenue-generating travellers, but the total numbers are low compared to other Canadian and U.S. visitors. However, if accommodation capacity is an issue, Asian visitors may be cultivated to achieve revenue targets rather than the lower revenue-generating close-in markets.

5. Because of the size of the Japanese market, its relative development compared to other Asian countries, and the strength of B. C.'s development with the trade, consumer awareness building activities should be considered for Japan. A key consumer segment includes those who are 45 to 64 years of age.

6. In the Asian countries, because so much travel is purchased through the trade, it is imperative that the trade understands the B. C. product and that B. C. has strong representation in all of their vehicles -- e.g. tour brochures.

B. The Market

- Asia represents 2.4% of all visitors to B. C. but makes up 5.8% of revenues.
- The world recession and Gulf War hit the Asian market hard in the early 1990's, but it appears to have recovered well.
- B. C. has gained market share and volume from Japan, and Japan now represents 44% of the Asian market.
- Though Taiwan and Korea are exhibiting remarkable growth rates, their small relative size must also be taken into consideration.
- New Zealand and Hong Kong volumes have yet to regain their pre-1990 levels.

Importance by Country of Asian Visitors to B. C.

	1989	1990	1991	1992	1993	1994	% Share	% Change 1989-1994
Japan	183,200	213,700	218,500	232,000	250,000	274,200	44.0%	49.7%
Hong Kong	80,900	82,200	77,100	76,000	76,000	80,500	13.0%	-0.5%
Australia	61,600	60,600	56,300	58,000	58,000	73,600	12.0%	19.5%
New Zealand	28,700	25,300	20,200	19,100	20,000	21,000	3.0%	-26.8%
Taiwan	16,200	22,600	25,700	29,900	35,000	49,900	8.0%	208.0%
Korea	9,200	11,500	13,600	15,000	18,000	36,300	6.0%	294.6%
Other	67,200	68,500	68,600	74,200	82,400	86,700	14.0%	29.0%
Asia/Oceania	447,000	484,400	480,000	504,200	539,400	622,200	100.0%	39.2%

source: Research and Economic Analysis Unit Volume and Revenue Estimates 1994

Market Share

- Total Asian outbound travel has increased by 18% from 1991 to 1993.

Asian Outbound Travel (000s)

	1991	1992	1993	% Chg.
Asia *	20,779	23,309	24,543	18.0%
Japan	10,663	11,791	11,925	12.0%
Hong Kong	2,046	2,233	2,478	21.0%
Australia	2,099	2,276	2,266	8.0%
New Zealand	779	751	800	3.0%
Taiwan	3,366	4,215	4,654	38.0%
Korea	1,856	2,043	2,420	30.0%

Source: World Tourism Organization
*Asia is defined as the total of Japan, Australia, Hong Kong, New Zealand, Taiwan and Korea

- However, Asian travel to B. C. has increased by only 12% over the same period.

Asian Travel to B. C.

	1991 Volume (000's)	1992 Volume (000's)	1993 Volume (000's)	% Chg. 1991-1993
From Asia *	480	504	539	12.3%
From Japan	218	232	250	14.7%
From Hong Kong	77	76	76	-1.3%
From Australia	56	58	58	3.6%
From New Zealand	20	19	20	0.0%
From Taiwan	26	30	35	34.6%
From Korea	14	15	18	28.6%

Source: Research and Economic Analysis Unit Volume and Revenue Estimates 1994
*Asia is defined as the total of Japan, Australia, Hong Kong, New Zealand, Taiwan and Korea

- B. C.'s share of Asian travel declined over the last 3 years.
- The largest share decline was for Hong Kong.
- B. C. is not an important destination for Asian travellers, making up less than 3% of their trips.

B. C.'s Share of All Asian Outbound Travel

	1991	1992	1993
Asia *	1.7	1.6	1.6
Japan	1.8	1.7	1.8
Hong Kong	3.3	3.0	2.7
Australia	2.3	2.2	2.3
New Zealand	2.3	2.3	2.1
Taiwan	0.7	0.6	0.7
Korea	0.6	0.6	0.7

Source: World Tourism Organization for outbound travel. Statistics Canada direct entry counts.
*Asia is defined as the total of Japan, Australia, Hong Kong, New Zealand, Taiwan and Korea

Capacity

- Air capacity to Vancouver has grown significantly for Korea and Taiwan, and with the addition of Osaka airport in Japan, capacity will increase there as well.
- The number of seats from Japan to Vancouver will grow by 81,500 in 1995 versus 1994, an increase of 28%. The number of seats from Japan to the rest of the West Coast of North America will grow by 3% or 74,000 seats from 1994 to 1995.
- With Australia/New Zealand, the number of direct flights have shrunk by 1% over the last year.
- Hong Kong air capacity has improved by 6% over the last year.

C. The Consumer

- Except for the Taiwanese, the vast majority of Asian travel to Canada is for pleasure.
- Visiting friends and relatives is the most important purpose for the Taiwanese, the Hong Kong Chinese, and the Australians/New Zealanders.
- Business travel to Canada is highest among the Taiwanese and the Hong Kong Chinese.

	Japan	Australia	New Zealand	Hong Kong	Taiwan	South Korea
Business/Convention/Employment	18.4	12.3	11.5	20.0	32.0	17.1
Visiting Friends/Relatives	10.0	28.0	28.2	33.4	36.0	3.7
Pleasure/Recreation/Holiday	65.7	56.3	51.9	43.3	20.5	71.3
Other	5.8	3.5	7.7	3.3	11.5	7.9

Source: Statistics Canada ITS 1992

Japan

- The most important age groups to Canada are the 25 to 34, 45 to 54 groups, based on their high indices.
- The 0 to 19 and 65+ groups are not important age brackets in terms of travel.

Japanese Demographics

	Total Population %	Total Japanese Travellers	Index to Total Population	Travellers to Canada	Index to Total Population
0-19	25.6	5.1	19	8.6	34
20-24	7.6	13.6	178	9.9	130
25-34	12.7	25.1	197	24.4	192
35-44	16.0	19.1	119	18.5	116
45-54	13.6	18.4	135	22.7	167
55-64	11.9	12.8	107	12.0	101
65+	12.6	5.8	46	3.9	31

Source: UN Demographic Yearbook, 1992; Statistics Canada

- The largest single group who travel to Canada is the full moon group -- couples 45 and older.
- The next most important groups are the elderly groups, married men, and the office ladies.
- The married men are likely travelling on business so influence on travel is limited.
- Two important basic groups of travellers: older demographic 45 and older which make up half of all Japanese travel to Canada; the other is the younger group -- the office ladies and the unemployed single women -- these make up 14% of Japanese visitors to Canada but spend less than the average -- however, these are key influencers for the honeymooner segment when spends 36% more than the average.
- While honeymooners make up 6.6% of all Japanese travellers, they make up 17.5% of all Japanese travel to Australia. Australia also attracts the office ladies.
- One key difference between Canada and Australia is that Canada attracts the high revenue full moon couples more.

Japanese Traveller Segmentation

	% of all travellers	% of travellers to Canada	Index to all travellers	% of travellers to Australia	Index to all travellers
Children (15 - 17)	0.9	0.0	0	0.0	0
Male students (18+)	1.0	0.5	50	1.4	140
Female students (18+)	2.2	2.3	105	1.6	73
Single working women (18 - 29)	10.9	7.7	71	11.4	105
Single working women (30 - 44)	4.0	4.4	110	4.0	100
Single, unemployed women (18 - 44)	1.3	1.5	115	1.1	85
Honeymooners	6.6	6.8	103	17.5	265
Working housewives (18 - 44)	5.6	3.7	66	5.4	96
Housewives	3.7	1.8	49	3.3	89
Single men (18 - 44)	5.0	6.7	134	4.0	80
Married men (18 - 44)	14.6	8.6	59	11.1	76
Middle aged group (M/F 45 - 59)	18.2	14.3	79	12.2	67
Elderly group (M/F 60+)	8.5	12.7	149	8.4	99
Full moon (couples 45+)	11.3	22.8	202	13.0	115

Source: The Mainichi Newspapers "On Japanese Overseas Air Travellers", JTB 1994

D. The Trade

- The trade in Asia is very important, as the majority of travel to B. C. is on package tours purchased from a travel agency.
- The trade in the Asian countries are complex, with blurred roles between wholesalers and retailers. In many cases, a travel agency has both services.
- The trade also have local representatives in the destination to handle the land portion of the tour.

- Almost all Japanese travellers use the services of a travel agent, primarily because Japanese wholesalers are powerful and can negotiate airline/hotel rates at a much lower rate than a consumer could achieve by him/herself.

Rate of Travel Agency Use - All Japanese Travellers

	Used Travel Agency %	Did Not Use Travel Agency %	No Answer %
1989	88.7	7.5	3.8
1990	90.8	7.1	2.1
1991	90.6	7.0	2.4
1992	91.6	6.5	1.9
1993	91.1	7.2	1.7

Source: The Mainichi Newspapers "On Japanese Overseas Air Travellers", JTB Report, 1994

11. PLANNING CALENDAR
1996 / 1997

RECOMMENDED INTEGRATED TOURISM INDUSTRY ANNUAL PLANNING SCHEDULE 1995/1996

Responsibility Area / *Time*	*Apr 95*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*	*Jan. 96*	*Feb.*	*Mar.*	*Apr.*
BC Tourism	Q4 review			Q1 review			Q2 review			Q3 review			
ADM/ Management Team			Annual Planning Guidelines		First Cut Consol-idation and Priori-ties			Consolida-tion/Plan fine-tuning & Prelim Approval	Division Plan Summary Dec. 31		Final Internal Treasury Board Approval Feb. 15		
Business Unit Team Bus Mgr MDM Others				"Draft" Business Review - lessons learned - key oppor-tunities	Business Unit Planning Work Session Final Business Review First Cut Plan Submis-sion	"Draft" Business Unit Plans and Budgets - Work Sessions	Business Unit Plans and Budgets		Final "Approved" Plan Summary - for communi-cation purposes				
Functional Groups				"Draft" Functional Review - key trends - lessons learned - key opportuni-ties		Function Planning Work Session	Functional Plans & Budgets		Final "Approved" Plan Summary - for commu-nication purposes				
Industry Partners			Initial Planning Review - initiative reviews - consumer review - committee planning guidelines	"Draft" Business Reviews - lessons learned - key oppor-tunities	Industry Group Planning Work Sessions First Cut Plan Submis-sions to Board or Committees	"Draft" Industry Group Plans & Budgets - work sessions - presenta-tion to Boards	Industry Group Plans & Budgets - Board Approvals	Final "Detailed" Plan - for commu-nication purposes	Release of Plan to Member-ship				
Treasury Board Analyst		Work Sessions		Work Sessions		Work Sessions		Work Sessions	Presenta-tion to Treasury Board		Final Internal Treasury Board Approval		Provincial Budget Confirma-tion

6/16/95